Austria	Sch30	Iran	Rls270	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.00	Philippines	Peo40
Belgium	BFr60	Italy	L2200	Poland	Zl9,800
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Esc165
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.600	S.Arabia	SR8.00
Finland	FM8.50	Lebanon	L£1,000	Singapore	S$4.10
France	FFr7.50	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malaysia	M$4.25	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft120	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr160	Nigeria	Naira12	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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Tuesday January 8 1991

Φ D 8523A

ESTONIA

Search begins for joint-venture models

Page 4

World News

Soviet troops ordered in to rebel Baltic republics

Thousands of Soviet paratroops have been ordered in to the Baltic region to enforce observance of the military draft, Latvian officials said.

The report conflicts with a Soviet army assurance given only last week that no military reinforcements would be sent to the Baltics. Page 16; Estonia starts search, Page 4

Haiti coup fails

Loyal Haitian troops stormed the presidential palace in the capital Port-au-Prince, crushing a coup attempt by former interior minister Roger Lafontant. Page 16

Summit in question

The US still intends to go ahead with next month's summit between President Bush and Soviet leader Mikhail Gorbachev, but there is a possibility it could be delayed, the White House said.

Ershad charged

Police filed the first formal charges against Bangladesh's deposed President Hussain Muhammad Ershad, accusing him of illegal possession of firearms. Page 5

Somalia panic

Panic broke out at Mogadishu airport as a group of Somalis fleeing nine days of fierce clan warfare forced their way on to two Italian aircraft evacuating the last remaining foreigners. Page 5

Nidal hostages claim

A radical Palestinian group led by the world's most wanted guerrilla, Abu Nidal, said it had released four Belgian hostages. Page 5

Art sale threat

A group of artists and writers filed a Supreme Court petition to stop the Philippines from auctioning valuable paintings and silverware belonging to late president Ferdinand Marcos.

Sudanese battles

The Sudanese army said its troops killed over 100 rebels and destroyed camps of the Sudan Peoples Liberation Army in fierce clashes in Southern Kordofan province on Friday.

Serrano wins poll

Businessman Jorge Serrano defeated Jorge Carpio by a margin of two-to-one to become the next president of Guatemala. Page 4

Minister charged

Joseph Kitingan, chief minister of the Malaysian state of Sabah, is to face trial on three counts of corruption following his sudden arrest by police at the weekend. Page 5

Poor report card

South Africa announced the worst ever school-leaving examination results by black students. Page 5

Citizenship restored

Bucharest restored the Romanian citizenship of former King Michael after recently expelling the visiting ex-monarch. The move means that he will be able to come to Romania whenever he wants.

Bus crash kills 46

Forty-six passengers, mostly students, were killed when their overloaded bus crashed in Muranga district 60 kilometres north-east of Nairobi.

Romanian sackings

The Romanian government plans to fire about 200,000 metal workers and miners as part of a drive to save power and raw materials, an official spokesman said.

Nikezic dies

Marko Nikezic, the former Yugoslav communist leader removed from power in a sweeping purge of liberals in 1972, died, aged 69.

Business Summary

S&P figures underline problems in US economy

The grim financial condition of the US corporate sector was demonstrated when Standard & Poor's, a large US ratings agency, revealed it had downgraded long-term corporate credit ratings in 768 instances last year, double the number recorded in 1988.

S&P analysts expect downgrades to exceed upgrades again in the current year. Page 17

MARKETS: Wall Street: US equity prices moved sharply lower yesterday amid renewed fears that Gulf war is inevitable. At the close, Dow Jones Industrial Average was down 43.32 at 2,522.77. **Tokyo:** Volume shrank to 170m shares, the lowest since October 27, 1986. Nikkei average closed down 332.61 at 23,736.57. **Frankfurt:** DAX index closed 37.91 lower at 1,358.16. **Back Page, Section II**

TRADE finance: Banks are increasingly reluctant to provide trade finance to developing countries, according to Washington-based Institute of International Finance. **Page 16**

NEWS Corporation: International bonds issued by Rupert Murdoch's media empire are yielding up to 47 per cent as concern grows over prolonged debt restructuring negotiations with bankers. Page 17

CHASE Manhattan, US banking group, plans to close its commercial banking operation in Bahrain as part of rationalisation designed to cut $300m in costs. Page 22

WESTPAC Banking Corporation, Australia's biggest bank, has closed its branch in South Korea after failing to end a four-month strike. Page 5

SNECMA, French state-controlled aero-engine manufacturer, is increasing its long-standing co-operation links with General Electric of the US in the commercial jet engine field. Page 18

TSB Group, UK's sixth largest bank, is to sell Target Group, its ailing insurance subsidiary, to life assurance company Equity & Law, owned by France's Axa Midi. Page 17

GREECE must reduce tax evasion and eliminate thousands of civil service jobs in order to qualify for an Ecu2bn ($2.95bn) European Community loan. Page 3

GOLD: The seven South African gold mines in the Gold Fields group achieved improved grades to overcome a decline in the metal's price and record increased profits. Page 20

INDONESIAN budget: Spending has been increased with emphasis on infrastructure projects and battle against inflation. Page 5

CHILE and Argentina are jointly to exploit oil and natural gas reserves in Argentine waters east of the Straits of Magellan. Page 4

NEW Zealand's crackdown on welfare benefit fraud is already saving more than NZ$1m ($602,000) a week on unemployment payments alone. Page 5

UN date for Iraqi withdrawal will not be extended ● Baghdad faces certain war if it does not comply

US, Britain stand firm on deadline

By Robert Mauthner in London and Philip Stephens in Riyadh

THE US and Britain yesterday insisted that the January 15 United Nations deadline for Iraq's withdrawal from Kuwait could not be extended and said that Baghdad faced war if it did not comply.

Mr James Baker, US secretary of state, after meeting Mr Douglas Hurd, Britain's foreign secretary, in London, said that the UN deadline was "real". He had made clear before arriving in London that the US would not allow itself to be "manipulated" by Iraq over the deadline.

"Saddam Hussein has it within his power to determine whether there is peace or whether there is not peace. The choice is his", Mr Baker said only two days before his scheduled meeting in Geneva with Mr Tariq Aziz, Iraq's foreign minister.

Mr John Major, Britain's prime minister, strongly supported Mr Baker's remarks in Riyadh, saying there was "no question whatsoever of altering that deadline. None whatsoever".

Mr Major, who during his visit to the region showed obvious concern to dispel any speculation about possible negotiation with Iraq, added: "The position is perfectly clear. He has to withdraw. He has to withdraw totally, completely and as speedily as possible. There can be no compromise on that."

Mr Baker similarly ruled out negotiations in a briefing during his flight to London.

He strongly underlined the US opposition to linkage between Iraq's withdrawal from Kuwait and the holding of a Middle East peace conference to settle the Israeli-Palestinian dispute.

Mr Baker said he regarded a French proposal broadly tying an Iraqi withdrawal with a conference or series of conferences on other Middle East problems as linkage. "We would find it impossible to sign on to it", he said.

Nevertheless, Mr Baker said of his talks with Mr Aziz: "I'm not going to tell you that we don't anticipate that there might be some surprise coming out of this meeting, because I think there very well might be. Let's wait and see."

Mr Baker ruled out any further meeting with Iraqi leaders in Baghdad, but refused to be drawn on whether such a meeting – perhaps with Iraq's president Saddam Hussein – could be held elsewhere.

Mr Baker held two hours of talks with Mr Hurd, beginning a series of consultations with the main allies of the US which will include talks today with President François Mitterrand of France and Chancellor Helmut Kohl of Germany.

Mr Baker also met Mr Jacques Poos, the Luxembourg foreign minister and chairman of the European Community Council of Ministers, Mr Francisco Fernandez Ordonez, Spain's foreign minister, Mr Gianni de Michelis, Italy's foreign minister, and Mr Manfred Wörner, Nato secretary-general.

In Taif, Sheikh Jaber al-Sabah, the exiled Emir of Kuwait voiced fears to Mr Major that the international coalition against Mr Saddam might soften if Iraq staged a partial withdrawal from Kuwait.

During a 50-minute meeting with Mr Major, he said he was concerned that a partial withdrawal might be taken by some governments as an acceptable basis for negotiations with Baghdad.

The Kuwaiti leader added that anything less than full restoration of the legitimate government would threaten continued instability in the region. He called for the international community to maintain its demand that Iraq should be forced also to pay reparations for the massive destruction it had wrought in Kuwait. The concern of the country's exiled leaders about the strength of the coalition against Iraq was also reflected in close questioning of Mr Major by the Crown Prince of Kuwait about the stance of the European Community. That coincided with signs of unease among British officials that France might be among countries prepared to seek a compromise if Iraq indicated its willingness to withdraw.

Mr Major, however, insisted repeatedly that there could be no question of negotiations with Mr Saddam while he continued to occupy any part of Kuwait. After talks with the commanders of the 35,000 British servicemen in the Gulf he also voiced confidence that the forces ranged against Iraq were now fully prepared.

Last night, Mr Major was holding talks with King Fahd of Saudi Arabia before travelling to the country's Eastern Province today to meet British troops.

Mr Hurd said he and Mr Baker held "identical positions". Mr Baker was going to his meeting with Mr Aziz with a crucial double message: If Iraq insisted on staying in Kuwait, it would be forced out. However, if Mr Saddam withdrew his forces from Kuwait, he would not be attacked.

Mr Baker's version of the message, however, was not quite as strong. If Iraqi troops did not withdraw from Kuwait by the deadline, they would, "in all probability", be forced out, he said.

Mr Hurd said that suggestions that Iraq might be willing to withdraw if the UN extended its deadline were unacceptable. "We have our ears cocked for a message from Baghdad.. . The message the world is waiting for from Baghdad is not one of delay but one of compliance."

The US has emphasized that the meeting in Geneva with Mr Aziz would on no account be a negotiation, merely a last chance for the US and its allies to underline their firm position on Kuwait.

Douglas Hurd and James Baker speaking after yesterday's meeting in London

West fears superweapon announcement from Saddam

By Victor Mallet, Middle East Correspondent, in London

WESTERN officials fear that President Saddam Hussein of Iraq will soon claim he possesses a hitherto undisclosed weapon, possibly a crude nuclear device, in an attempt to head off an attack by the multinational alliance in the Gulf.

They believe that, if Mr Saddam has decided not to withdraw from Kuwait he will be considering several options, including what one official called a "superweapon announcement".

There is no hard evidence, at the moment, that Iraq has an atomic weapon. However, the country has been pursuing nuclear, chemical and biological weapons development since the outbreak of the Gulf war against Iran in 1980 through the clandestine purchase of technology in the west.

In recent weeks Iraq has hinted at awesome military capabilities, threatened to attack Israel and suggested that it will launch a campaign of terrorism if the multinational alliance begins a war to drive Iraqi troops out of Kuwait.

Mr Saddam said in a defiant speech on Sunday that "there are technical facilities of a tactical, strategic and operational nature that cannot be imagined on the level of the armed forces if the battle occurs in a place different from its present place".

In another speech, broadcast yesterday, he made a scarcely veiled reference to the possibility of using worldwide terrorism .

He said the theatre of Iraqi operations included "every struggler and fighter whose hand can reach out to harm . . . aggressors in the whole world".

He told his army commanders: "One of the reasons for the (Arab) nation's weakness is the feeling of impotence because of lack of faith and prerequisites for the confrontation. But now, with all these requirements fulfilled . . . victory is close."

A US congressional expert said yesterday: "We were deeply concerned at the end of last week that Saddam Hussein was going to announce that he had the bomb."

"We think he doesn't; the problem is, who is going to call his bluff? I'm still concerned... The problem is not only the military threat of this thing, but the question of political fallout."

Another Iraqi option, equally feared by hawks in the anti-Iraq coalition, is a compromise proposal designed to divide Iraq's opponents around the time of the January 15 United Nations deadline for an Iraqi withdrawal from Kuwait.

● Four Iraqi aircraft crossed the Kuwaiti border and requested asylum in Saudi Arabia yesterday, the first major defections from Mr Saddam air force, US defence officials said, AP reports from Dhahran.

The aircraft requested asylum while flying over Saudi airspace and were escorted to a Saudi airbase by F-15 aircraft, officials said.

The heightened Gulf tensions pushed the dollar sharply higher on the foreign exchanges yesterday, while both New York and London stock markets slipped back, writes Rachel Johnson. Analysts said this was because the currency was likely to bounce up from last year's low levels, in spite of US recession, if there was a war in the Middle East.

Stock markets fell back. The Dow Jones Industrial Average closed 43.32 down at 2,522.7. In London, anxiety about the Gulf crisis helped create a fall of 12.8 points in the FT-SE index, to 2,113.3.

US seeks to boost confidence with New England bank rescue

By Peter Riddell in Washington and Stephen Fidler in London

US federal regulators said yesterday that their takeover of banks owned by the Boston-based Bank of New England Corporation should reassure depositors that their money was safe in banks insured with the government.

The announcement late on Sunday of the government rescue of the banks, at an estimated cost to the Federal insurance fund of $2.3bn, followed rising losses on property loans and a run on deposits late last week. It ranked among the largest bank collapses in the US and was the biggest since the problems of some Texas banks in 1988-89.

Confidence in New England banks has been shaken by the deepening recession in the region and growing problems on property loans.

To prevent an erosion of confidence spreading to other banks in the region, the Federal Deposit Insurance Corporation (FDIC) is protecting all deposits in the banks taken over, and not just those up to the $100,000 ceiling of the federal insurance guarantee. Roughly a tenth of the banks' deposits, or around $2bn, are above this limit.

Mr William Seidman, FDIC chairman, said that "to protect the stability of the system, we should protect all depositors." But he said this was not a precedent for other rescues.

Mr Robert Clarke, comptroller of the currency, said: "Our feeling was the best thing we could do for the bank and the region was to step in and take control of it. We wanted the message to be: the government is prepared to step in and do what needs to be done. You don't have to be concerned about leaving your deposits in a federally insured institution."

The White House was at pains to note that the rescue would be handled through the FDIC's existing insurance accounts and no taxpayer money would be involved.

The collapse of the Bank of New England reinforced nervousness in international capital and money markets about the credit quality of many US banks, but failed to make a dramatic impact on trading.

The collapse was not a surprise and the federal rescue had further reduced the cause for panic, bankers said.

Many foreign banks had already cut credit lines to the bank. A senior official at Britain's National Westminster, for example, said his bank had stopped extending new credit about a year ago and now had zero exposure, since all credit lines had been repaid.

In the US, worries about the banking collapse and the Middle East heightened demand for short-term, high-quality assets such as Treasury bills, in a typical flight to quality, dealers said. But there appeared to be no stampede.

Bank of New England's $750m of outstanding medium-term debt, all in the US market, was already of "junk" quality and was further downgraded by credit rating agencies yesterday. The bank's bonds fell to about 2 cents on the dollar from about 7 cents. Editorial comment, Page 14; Analysis, Page 17

CONTENTS

Budget may provide last chance for Swedish ruling party

The Swedish budget on Thursday probably provides the last opportunity for the ruling Social Democrats, led by prime minister Ingvar Carlsson (left), to rally their political fortunes in this election year

Page 3

MARKETS

STERLING
New York lunchtime:
$1.907
London:
$1.906 (1.9335)
DM2.92 (2.9125)
FFr9.915 (9.88)
SFr2.4625 (2.465)
Y260.5 (261.25)
£ index 93.8 (94.2)

GOLD
New York: Comex Feb
$396.2 (387.2)
London:
$391.25 (387.5)

N SEA OIL (Argus)
Brent Feb
$26.0 (23.875)

Chief price changes yesterday: Page 17

DOLLAR
New York lunchtime:
DM1.532
FFr5.1955
SFr1.2905
Y136.415
London:
DM1.5325 (1.506)
FFr5.2025 (5.11)
SFr1.2915 (1.2755)
Y136.65 (135.1)
$ index 62.1 (61.1)
Tokyo close: 136.05

US lunchtime rates
Fed Funds 6½%
3-mo Treasury Bills:
yield: 6.70%
Long Bond:
$104\frac{15}{16}$
yield: 8.29%

STOCK INDICES
FT-SE 100:
2,113.3 (−12.8)
FT Ordinary:
1,647.8 (−11.7)
FT-A All-Share:
1,017.62 (−0.6%)
New York lunchtime:
DJ Ind. Av.
2,544.55 (−21.54)
S&P Comp
318.32 (−2.66)
Tokyo: Nikkei
23,736.57 (−332.61)

LONDON MONEY
3-month Interbank:
closing $13\frac{13}{32}$% (same)
Liffe long gilt future:
Mar $90\frac{7}{32}$ ($90\frac{3}{16}$)

هكذا من الأصل

MIDDLE EAST IN CRISIS

London fears Saddam will stage 11th-hour initiative

Major's tour highlights worry that potency of the UN deadline will be undercut. **Philip Stephens** reports

THE APPROACH of the January 15 UN deadline for Iraq to withdraw from Kuwait has generated as many theories about President Saddam Hussein's likely response as there are national contingents in the coalition ranged against him.

But Mr John Major's tour of the region this week has highlighted what is emerging as one of Britain's principal concerns as its forces in Saudi Arabia prepare for the possibility of war.

The fear – being voiced publicly by Kuwait's exiled leaders and privately by Mr Major's advisers – is that Saddam will launch an 11th-hour initiative to undercut the effectiveness of the UN deadline.

It might include a partial withdrawal; or it might involve the promise of a staged retreat in return for a series of assurances on issues ranging from the Arab-Israeli conflict to Iraq's long-standing claim to two of Kuwait's offshore islands.

Whatever the precise formula, the aim would be clear – to do just enough to fragment the alliance ranged against him and thus deprive the US and Britain of the international support they would need to eject him militarily.

There is no certainty among British strategists that Saddam intends such an initiative. It is remarkable that five months after the invasion, western leaders remain deeply unsure of the Iraqi leader's perspective on the crisis.

Mr Major believes that it is still just possible that Saddam has realised that he faces certain defeat by the military forces ranged against him and that he is merely delaying an inevitable climb-down until the last moment. An Arab leader will always use up all the time available to him, is how one official put it.

The tone of the UK prime minister's comments this week, however, suggests he is more inclined to the view of advisers who believe that Saddam's uniquely powerful position in Iraq has isolated him from reality. He may still believe that his enemies lack the will to fight and that he can engineer at least a partial victory.

It is that illusion that Mr James Baker, the US secretary of state, will attempt to shatter in his talks tomorrow with Mr Tariq Aziz, the Iraqi foreign minister. Mr Baker is expected to emphasise also – as Mr Major has been doing repeatedly while in Saudi Arabia – that a conditional or partial withdrawal would not prevent an attack aimed at the complete liberation of Kuwait.

Neither Mr Major nor Mr Baker, however, can be fully confident that a gesture by the Iraqi leader which fell short of total withdrawal might not blur the sharp focus which the January 15 deadline has so far provided for the international coalition.

The exiled Emir of Kuwait raised just such a possibility in his talks yesterday with Mr Major, while the Crown Prince of Kuwait sought assurances from the British prime minister that there were no divisions within the European Community.

Mr Major was happy to underline his insistence that a full Iraqi withdrawal was non-negotiable. There is private concern in the British government, however, about the durability of the commitment of some of its European Community partners – particularly France.

The recent differences between President George Bush and US congressional leaders about the extent of Mr Bush's authority to act unilaterally has raised parallel anxieties over the resilience of public opinion in the US.

The approach in March of the Saudi summer and the problems of maintaining morale among their troops in the desert suggest that neither the US nor Britain can afford to allow Iraq to "buy time" with tactical or negotiating ploys.

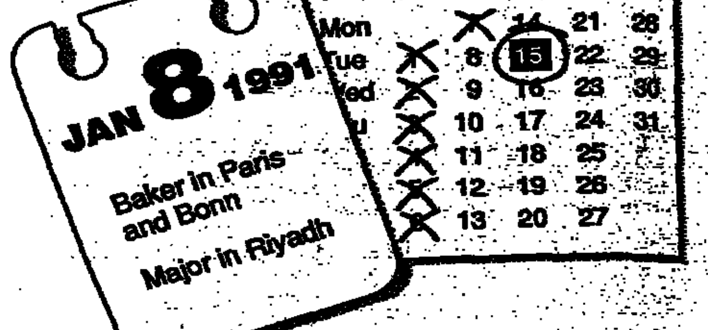
For his part, Mr Major has toned down the anti-Iraq rhetoric of Mrs Margaret Thatcher, his predecessor. There is little talk now of trials for "war crimes" and more emphasis on the assurance against attack that is on offer to Iraq if it gives up Kuwait unconditionally.

In those circumstances, Saddam's military strength would then be contained by a mixture of sanctions and the stationing of a largely Arab peacekeeping force.

While vehemently denying the possibility of linkage, the British prime minister has taken also to alluding frequently to the assumption that an Iraqi withdrawal would be followed by much wider peace efforts to resolve the Palestinian issue.

That said, Mr Major does appear genuinely ready – if obviously reluctant – to commit British forces to a grisly war to drive Iraq from Kuwait. What he cannot be sure of is that Saddam knows it.

John Major, the UK premier, speaks with Crown Prince Abdullah of Saudi Arabia yesterday shortly after arriving in Riyadh, the Saudi capital. Mr Major is on a four-day visit to the Gulf region, meeting leaders and British troops.



Crude oil prices rise on Saddam's remarks

By Deborah Hargreaves

OIL PRICES bounced back in a chaotic market yesterday as traders seized on President Saddam Hussein's remarks over the weekend to push the price for North Sea Brent crude oil up by more than $2 a barrel.

Crude for February delivery rose by $2.12 to reach $26 a barrel after a week when prices drifted down as prospects for peace in the Gulf improved.

President Saddam's insistence that Iraqi troops will not leave Kuwait has diminished the market's hope of a peaceful solution.

Oil prices had tumbled by a dollar on Friday when it was announced that Mr James Baker, US secretary of state, would meet Mr Tariq Aziz, Iraqi foreign minister, in the first high-level talks since the crisis began.

Mr James Fiedler, an oil trader with E.D.& F. Mann in New York, said: "There's a general feeling now that the war premium will come back into the market as January 15 approaches." Some traders believe that prices could move up by a dollar a day this week as the market focuses on war. Oil prices dropped by around $4 last week as hopes of a peaceful settlement took root.

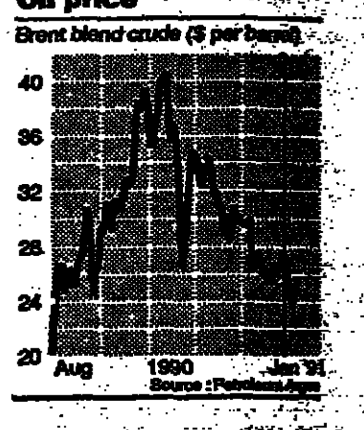
The New York Mercantile Exchange picked up yesterday, where more than 30,000 futures contracts had changed hands by mid-morning.

The New York futures price for West Texas Intermediate light crude for March delivery at one stage was up $2.58 at $26.80 a barrel.

While headline news will continue to direct sentiment in the oil market, traders are aware that supplies are more than adequate to cope with current depressed demand. They expect this to prevent prices from jumping rapidly to much more than $30 a barrel before a shooting war begins.

Oil price

Brent blend crude ($ per barrel)



New routes for airlines planned to avoid war zone

By Paul Betts, Aerospace Correspondent

SAUDI ARABIA has agreed to open a new air route across the so-called Empty Quarter in the southern part of the kingdom to enable commercial flights to avoid the Gulf region.

The new route, which will be open to commercial air traffic from Thursday, will run from Medina down to Muscat and up again to Abu Dhabi.

Saudi Arabia had refused up to now to offer this route for commercial flights despite repeated requests from the international aviation industry.

The new route suggests that Saudi Arabia could decide to keep the southern part of the kingdom open to commercial aviation in the event of war.

The International Air Transport Association (Iata), with the International Civil Aviation Authority (ICAO), the aviation technical agency of the United Nations, has also identified alternative flight routings for airlines operating between Europe and the Far East.

Apart from the new southern Saudi route, the main options include a route over the lower part of the Soviet Union and one avoiding the Arabian peninsula altogether.

Iata said yesterday that if the airspace of specific countries were closed in the event of war, alternate routing would be developed according to the local situation.

Airlines are facing increasing pressure to alter their flights to and across the Middle East from soaring war risk insurance rates and declining passenger demand.

A Lloyd's underwriter said the insurance industry is encouraging airlines to divert as much business as possible out of the danger zone. Insurance brokers have also advised airlines they would introduce an exclusion zone on or before the U.N. January 15 deadline.

Before January 2, insurance cover for an aircraft valued at $50m (£25.90m) flying to and from Tel Aviv, Bahrain and Cairo cost $6,250. Since then, it has soared to $125,000 at Tel Aviv; $100,000 at Bahrain and $87,500 at Cairo.

The increases in insurance cover have ranged from 500 per cent to 2,000 per cent, according to the value of the aircraft and the destination. Insurance rates are likely to rise further as the January 15 deadline approaches.

● Italy's state airline Alitalia is suspending flights to Israel for a week, making it the sixth carrier to halt service.

British correspondents kept guessing by Saudis

By Our Foreign Staff

SAUDI ARABIA is expected to tell the UK shortly how many British journalists will be accredited to cover any conflict with Iraq.

Many newspapers, including the Financial Times, have experienced difficulty over the last month obtaining visas from the Saudi authorities. At a meeting in London with senior British journalists yesterday, UK Ministry of Defence officials said they expected a definitive word from the Saudis "within days, or even hours".

It seems unlikely, however, that the supply of visas will equal the demand for them. In that event, either the ministry or the newspaper industry itself will determine how they are apportioned. An allocation of one visa per press title would leave the ministry "reasonably content".

Should hostilities break out, the officials said, any vetting of reporting would take place on the ground and not in London. However journalists were yesterday issued with standard guidelines for the coverage of conflict. These contain many apparently restrictive provisions.

In Saudi Arabia itself, it is envisaged that four "media response teams," two attached to the army and one each to the air force and navy, will be established for TV, radio and press reporting with the frontline forces.

Coverage from these seven-person units will be "pooled," that is made available to all the media.

Regular daily briefings will also take place at larger media centres in Riyadh and Dhahran and possibly elsewhere in the Gulf, as well as in London.

Labour reopens debate over use of force

By Alison Smith

COMMENTS yesterday from Mr Gerald Kaufman, Britain's shadow foreign secretary, were greeted as signalling the possible end of a bipartisan approach to the Gulf crisis among the two main political parties in Britain, but Labour's policy is not as simple as suggested by that reaction.

While Labour is, reasonably enough, unwilling to say now what line it would take if fighting did break out in the Gulf soon after next week's deadline, Mr Kaufman's strong emphasis on sanctions may, ironically, yet give the opposition its best chance of remaining largely united while supporting British troops involved if there is early action.

In a newspaper article yesterday, Mr Kaufman essentially expressed the argument he put in the last full-scale House of Commons debate on the Gulf, in mid-December.

It re-stated Labour's belief that the role of the United Nations is central to all actions taken to resolve the crisis, that the will of the UN should prevail, ultimately by force if necessary, but that January 15 is the deadline for Iraq to leave Kuwait, and not the trigger for the use of immediate force.

Yet Mr Kaufman's comment that "five months and 13 days – the period between the invasion and Tuesday of next week – cannot convincingly be argued to be the maximum time" for sanctions to work, is stronger than any previous signal about when Labour would believe force should be used.

His article also lacks the caveats of previous statements.

In December, for example, Mr Kaufman talked of bearing in mind how long the international consensus on sanctions could hold together, and spoke of the danger of sending the wrong signals to President Saddam Hussein. He also raised then the question of how long Saddam would believe that the UN was determined to oust him from Kuwait if sanctions remained the only instrument to secure his removal and force were not invoked.

Yesterday, however, he dismissed a question about the weakening of the deterrent effect if no military action was taken soon after the deadline. "We can't read Saddam Hussein's mind, can we?"

The constituencies which Mr Kaufman must address even among Labour MPs are varied. There are some MPs who would not support a war at any price, a few who sound more hawkish than the front bench, but many across both wings of the party, including senior figures such as Mr Denis Healey, who believe that sanctions need more time.

The political dilemma for Mr Kaufman is to try to keep that substantial strand of his colleagues on side, without leaving Labour in the invidious political position of not supporting the British troops in the Gulf if worst fears are realised and fighting does begin soon after mid-January.

His statements this week may well help him to do that. By continuing to make the case strongly for the sanctions option, he will at least have shown that he tried to ensure that the arguments were taken properly into account by those deciding about military action.

Such tactics may help to avoid an immediate prospect of Labour's having to face a public split within its own ranks.

Labour will also be helped by the fact that the ministerial reports to parliament are initially likely to be through statements and committee work, when they will be questioning the government, rather than by another debate.

Nordic force to keep peace suggested

THE FIVE Nordic countries, led by Norway, yesterday presented Mr Javier Pérez de Cuéllar, the UN secretary general, with a regional peacekeeping plan for the Gulf which could be implemented after an Iraqi withdrawal from Kuwait, writes Karen Fossli in Oslo.

The plan calls for:

● Peacekeeping forces of Arab and Nordic soldiers to be stationed in Kuwait after the withdrawal;

● A high-ranking military observer group of Arab and Nordic officers to be positioned in Kuwait;

● Other support to help ensure the withdrawal of Iraqi troops from Kuwait and to ensure stability after the withdrawal;

● Resources to help rebuild the region.

Manoeuvres planned

Iran is to hold large-scale manoeuvres in the Gulf for a month starting next week, when the UN deadline runs out for Iraq to leave Kuwait or face war, Reuter reports from Cyprus.

The Iranian news agency IRNA said Tehran had advised Iraq of the manoeuvres which were "directly related to the presence of alien forces in the southern Persian Gulf waters."

Borders may close

Jordan's top relief official said that it may have to close its borders to Gulf war refugees if it does not receive millions of dollars in emergency aid, Reuter reports from Amman.

Japan cuts cash aid

Japan will not have the funds to help the allied effort in the Gulf until at least April, according to Mr Ryutaro Hashimoto, the finance minister, AP-DJ reports from Tokyo.

Shamir says Israel will not launch pre-emptive strike

By Hugh Carnegy in Jerusalem

MR Yitzhak Shamir, the Israeli prime minister, yesterday assured a group of British MPs that Israel would not launch a pre-emptive strike on Iraq to forestall a threatened missile attack by Baghdad.

President Saddam Hussein of Iraq, in an effort to divide the Western-Arab alliance ranged against him, has said Israel would be the first target of Iraqi retaliation if the US-led forces in the Gulf take military action to oust Iraq from Kuwait after the January 15 United Nations deadline for a withdrawal.

This has caused concern that Israel may act unilaterally to knock out the missile threat. However, MPs on visits by Labour and Conservative "Friends of Israel" groups who saw Mr Shamir said the prime minister made it "quite clear" Israel would not launch a pre-emptive strike.

According to Mr Peter Archer, Labour MP for Warley West, Mr Shamir said Israel would respond but did not say how. Mr Shamir added that he felt Arab allies of the US would understand Israel's position and an Israeli military response would not necessarily split the anti-Iraq alliance.

Some in the anti-Iraq camp, and in Israel, have suggested that even if Iraq were to attack, the Israeli government should moderate its military response to preserve unity among the US-led alliance.

Fears that Israel may be drawn into a Gulf war prompted the military authorities yesterday to announce the immediate distribution of gas masks to rural communities. These areas were previously due to receive them much later than urban centres, where distribution was completed some weeks ago. There was no indication that distribution would be carried out as originally promised in the occupied territories.

UN organisations were also understood to be preparing to move out dependants of their employees in Israel and surrounding territories.

Israeli media reported a surge of foreigners and some Israelis leaving the country.

Meanwhile, four Palestinians from the Hamas Islamic fundamentalist organisation dropped their appeals against deportation, saying the refusal of the military to show the court any evidence made their cases hopeless. Their decision paved the way for early removal from the country, the first time for more than a year that Israel has resorted to deportation, a policy criticised by the international community.

Masked Palestinians bear torches as they take part in "Fatah Day" celebrations yesterday in the university town of Beir Zeit on the West Bank.

Bond dealers uncertain of war's legal implications

By Tracy Corrigan and Simon London

THE APPROACHING deadline for Iraq's withdrawal from Kuwait is causing confusion over the legal position of underwriters in the international capital markets if war breaks out.

Underwriters hold newly-launched bonds until they are sold to investors. Their holdings could run into hundreds of millions of dollars, and they would face substantial losses if bond prices collapsed in the event of conflict.

International bond issues generally carry a *force majeure* clause in the underwriting agreements, designed to provide protection against certain events which would make bonds hard to place.

It is open to question whether the usual forms provide sufficient protection against war in the Gulf. The wording is broad, and can vary from one underwriter to another.

The outbreak of war in the Gulf has been referred to specifically in the *force majeure* clauses of several recent offerings, but most underwriters have not added such wording.

The problem with writing specific "war risk" protection clauses, separately from *force majeure*, into bond documentation is that there is no corollary in the currency and interest rate swap markets. Since many bond issues are driven by the existence of a profitable currency or interest rate swap, this would prevent most borrowers coming to the market.

Even if war does break out, it is not clear what level of disruption of financial markets allows the *force majeure* clause to be invoked.

If *force majeure* is invoked, "underwriters have the right to cancel [a bond offering], not the obligation," says Mr Cliff Dammers, a partner of legal firm Milbank Tweed. In practice, discussions normally culminate in the borrower withdrawing the deal.

International Capital Markets, Pages 24 and 25

Wakeham rejects disaster claim

By John Hunt, Environment Correspondent

MR JOHN Wakeham, UK energy secretary, yesterday rejected a claim that he was trying to conceal the extent of the environmental disaster that may be caused by Iraq setting fire to Kuwaiti oil fields in the event of a Gulf war.

It is understood, however, that the British government has called for a full report from the Meteorological Office on the environmental impact of the intentional ignition of the oil fields.

Mr Wakeham pointed out yesterday that Kuwait's reserves of 90bn barrels of oil could not be burned in this way. Rather, the 2m barrels of oil per day that are actually being produced would be at risk.

This, he emphasised, represents less than 4 per cent of current world oil consumption. Even if this amount were all burned, the current rate of global carbon dioxide emissions in the atmosphere would increase by less than 1.5 per cent. He repeated his assessment that suggestions of global environmental disaster are entirely misplaced.

Mr Wakeham was replying to Mr Tam Dalyell, Labour MP for Linlithgow, who had accused him of ignoring and misrepresenting the advice of his senior civil servants on the potentially catastrophic environmental impact of a war.

Mr Wakeham said that his statements on the subject had been based on the best technical advice from the energy and environment departments.

Last week a group of scientists at a seminar in London warned that the oil fields could burn for years and cause unprecedented environmental damage.

Iraqi helicopter crews defect

FOUR Iraqi helicopters landed in Saudi Arabia with Iraqi military defectors yesterday, US defence officials said, Reuter reports from Washington.

The officials said those aboard the helicopters said they wanted to defect, apparently from Iraqi forces occupying Kuwait, and the four aircraft were escorted to a base in eastern Saudi Arabia by F-15 jet fighters.

The officials, who asked not to be identified, gave no further details immediately.

"They (the helicopters) have been escorted to a Saudi air base," said one official. He said he did not know if they were escorted by US or Saudi F-15 fighter jets.

There have been published reports of up to 300 Iraqi defectors, most of who just walked across the border into Saudi Arabia since August, but yesterday's incident would be the first such major defection of Iraqis in the military stand-off in the Gulf.

The Pentagon has said that more than 530,000 Iraqi troops are now in Kuwait, invaded by Iraq five months ago, and southern Iraq. They are facing a US-led force of more than 580,000 western and Arab troops.

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EC brings joint venture within merger controls

By David Gardner in Brussels

THE EUROPEAN Commission yesterday brought joint ventures within the sphere of its merger control regulations for the first time.

It has cleared what it calls a "concentrative" joint venture between Mitsubishi of Japan and Union Carbide of the US of any anti-competitive taint in the market for carbon, graphite and related products.

This is both the first time that the EC's merger regulations have been applied to a joint venture – rather than a merger or acquisition – and the first Commission decision reached under the regulations involving two non-EC companies.

Mitsubishi has bought a 50 per cent stake in Union Carbide's carbon business, the UCAR Carbon Company and its 19 international subsidiaries.

The Commission ruled that control of UCAR rests with neither Mitsubishi nor Union Carbide, and that neither parent company remains active in UCAR's market either as producer or trader.

It is therefore a "concentrative" joint venture compatible with EC competition policy, with no "significant impact in the Community".

The "concentration" affects markets for graphite, carbon and related products.

The general framework of the merger regulations, adopted last year, covers link-ups valued at over Ecu5bn, ($6.85bn) or mergers and acquisitions in which each of the partners has more than Ecu250m in intra-EC sales. With yesterday's decision the Commission has underlined that joint ventures within this category will also be subject to scrutiny on competition grounds.

● In a separate decision, the European Commission cleared the purchase of Carimi, an Italian steel distributor by Usinor-Sacilor of France, the largest EC manufacturer of steel products.

The deal was being investigated because Usinor itself has a substantial distribution arm. Carimi is a medium-rank steel products distributor.

But Usinor's network has penetrated only a small part of the Italian market, the Commission judged, and will therefore "face competition from a considerable number of other steel distributors".

Election today could settle long-running battle for power at France's most distinguished daily

Le Monde faces up to a changed world

By William Dawkins in Paris

THE 275 journalist shareholders of Le Monde today face a stark choice which could end or prolong the worst leadership crisis in the 46-year history of France's most distinguished daily newspaper.

At a meeting this afternoon, they will decide whether to move with the times and accept Mr Jacques Lesourne, a 62-year-old economist and former consultant, nominated over their own choice by the majority of other shareholders as head of business and editorial operations.

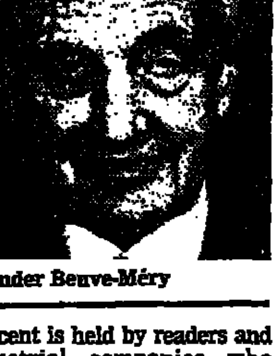
While the battle for power at Le Monde has not exactly riveted the French nation's attention in recent weeks, it does demonstrate how one of France's most respected institutions is being forced to adapt to competitive pressures.

Founded by the late Mr Hubert Beuve-Méry in 1944, shortly after the liberation of France, Le Monde has traditionally been managed like a cross between a workers' co-operative and an Oxbridge college.

Its individualist tradition shows in Le Monde's usual – though not unswerving – independence from the government line, its intellectual rigour, the fact that, like no other French newspaper, it insists on coming out on afternoons only, dated the following day, and, less flatteringly, in its old-fashioned appearance. Tucked under the arm, it is an essential part of the uniform of the Parisian intellectual.

Le Monde

Founded shortly after the liberation of France, Le Monde has been managed like a cross between a workers' co-operative and an Oxbridge college



Founder Beuve-Méry

Until the latest crisis broke out a year ago, Le Monde looked set to stick to its usual practice of being managed by one of its own journalists, chosen by the editorial staff, a reflection of Mr Beuve-Méry's passionate will to escape the intellectual dishonesty and corruption prevalent in pre-war French newspapers.

That, at least, was how it happened until Mr André Fontaine, director since 1985 and the fourth to hold the post since Mr Beuve-Méry, announced that he wanted to retire at the turn of the year to write a book. Under the traditional system, the successor was proposed by the outgoing director or by his colleagues and had to win at least 60 per cent of journalists' support to consider the job in the bag.

The choice had additionally to be agreed by at least 75 per cent of all the shareholders. This used to be a formality – but no longer. With 32.3 per cent of the shares, the journalists represent a powerful minority, especially considering that another 16.1 per cent is in the hands of the director himself, his executives and other employees. Beuve-Méry family interests own 32.3 per cent, while the remaining 19.3 per cent is held by readers and industrial companies who helped Le Monde out of its last financial crisis in 1985.

In the event, the required majority of journalists accepted Mr Fontaine's own candidate, Mr Daniel Vernet, currently managing editor, after three rounds of voting in which Mr Vernet beat off challenges from Mr Jean-Marie Colombani, an editor-in-chief, and Mr Bernard Guetta, former Moscow correspondent.

But Mr Vernet's hopes were dashed last month when the other shareholders rejected the journalists' choice. According to a Le Monde executive, they felt they needed a professional manager to guide the perennially fragile newspaper through the recession. Mr Vernet won only 44 per cent of the overall votes, way short of a majority.

The non-journalist shareholders found their alternative candidate, Mr Lesourne, after a thorough search in the echelons of France's business elite.

Mr Lesourne, who ran Sema, a medium-sized software consultancy, for 17 years, has spent the past two weeks quietly chatting to Le Monde staff. They are generally complimentary about his approach and conscious of the need to end the uncertainty at what is a sensitive time in all newspapers' fortunes.

If Mr Lesourne does win this afternoon, he will immediately face some tough decisions. Le Monde swung from last year's FFr50m (£5.1m) operating profit into a small loss on sales of around FFr1.2bn last year, mainly due to the cost of building a print plant in a Paris suburb and moving into a modern headquarters.

Mr Fontaine has forecast that the fall in advertising revenues will bring a "very large" loss in 1991 unless Le Monde can make significant cost cuts, including the loss of 200 out of its 1,200 staff. Yet the flagship of French journalism cannot even start steering through the recession until a captain has been allowed on to the bridge.

Brussels sets Greek loan conditions

By Kerin Hope in Athens

GREECE HAS been told to submit detailed proposals for reducing tax evasion and eliminating thousands of civil service jobs in order to qualify for the Ecu2bn (£1.53bn) European Community loan it is seeking, a senior official said yesterday.

In a letter to Greece's acting economy minister, Mr Efthymios Christodoulou, the EC commissioner for macroeconomic affairs, Mr Henning Christopherson, also requested precise information on how the government intends to shrink the Public Sector Borrowing Requirement from 16.6 to 10 per cent of Gross National Product in the next two years.

The EC loan is seen as crucial in Greece's efforts to turn around its deficit-plagued economy. It is urgently needed to help cover a current account deficit expected to total $3.2bn (£1.65bn) for 1990. It would also provide a useful guarantee of creditworthiness as Greece goes to the market for an estimated $3.6bn of foreign borrowing in 1991.

The government had hoped that regular consultations with European Commission officials while the 1991 budget was being prepared would ensure the loan was swiftly approved.

But the finance ministry failed to produce convincing figures on new sources of revenue, such as taxing farmers and selling government bonds redeemable in plots of building land, the official said.

The government was also seen as lacking the determination to crack down on tax evasion by self-employed professionals, mainly doctors and lawyers, he added.

In his reply Mr Christodoulou is expected to detail new revenue collection procedures, and accept the EC proposal for a 10 per cent cut in public sector staffing by the end of 1992, which would mean the dismissal of up to 60,000 Greek civil servants.

The government hopes the EC loan would then be approved by the Community's finance ministers later this month.

Hungary draws up foreign fund

Hungary is drawing up a 1.5bn forints ($24.70m) investment promotion fund to support foreign companies and joint ventures doing business there, the MTI news agency says, Reuter reports from Budapest.

The fund will finance infrastructure improvements and will initially benefit companies based in the provinces. Grants of up to 10 per cent of an investment project's value will be awarded to ventures with at least 200m forints capital, it said.

Companies that introduce new technology in areas such as telecommunications, electronics, bio-technology and the car industry will be given priority when the money is allocated.

Unemployment rise slows in Poland

The rise in unemployment in Poland last month was the smallest since the country ditched communism and began shifting to a free market system, the Labour Ministry said yesterday, Reuter reports from Warsaw.

An official said 1,124,753 people, or 8.3 per cent of the workforce, were registered as jobless on December 31 after a jump of 35,700 in the month. The increase has slowed each month since July when it peaked at 131,100.

Turkey urged to free protesting miners

Two international trade unions representing more than 8m workers urged Turkey yesterday to release coalminers arrested during a peaceful protest march for demand higher wages, Reuter reports from Brussels.

"We demand the immediate, unconditional release of all the detained strikers," said the International Federation of Chemical, Energy and General Workers' Unions and the Miners' International Federation.

"(We also demand) a guarantee that no further repressive measures will be used against them or their leaders. We reserve the right to lodge a complaint with the International Labour Office against the Turkish government if the repression continues," it said.

Baltic Sea conference

Parliamentarians from around the Baltic Sea began a conference on Monday on closer cooperation in the region now that the Cold War is over, Reuter reports from Helsinki.

Some 120 delegates from the Nordic countries, the Soviet Union, Germany and Poland are attending the three-day meeting in Helsinki hosted by the Finnish parliament.

During almost 10 hours of debate on environmental, economic, cultural and political topics, they will discuss ways to forge new regional links, organisers said.

Soviet representation included delegations from the state Supreme Soviet, the Russian Federation, the Karelian autonomous republic bordering Finland and the three Baltic republics, which are seeking to regain their independence.

Debate about the situation in the Soviet Baltic republics was not on the agenda but conference secretary-general Pertti Joenniemi said: "I don't think one is able to prevent that."

ORTHODOX Christmas was celebrated as a public holiday in Moscow yesterday, for the first time in more than 70 years, Reuter reports. Orthodox and other eastern rite churches celebrate Christmas two weeks after the rest of the Christian world. The day was an official holiday in the Russian Federation, and in the Ukraine and Moldavia, two other areas where the Orthodox faith is strong. Thousands of believers flocked to churches. The women above were pictured at a service in Yerevan in Soviet Armenia. Offices and factories in Moscow were closed and only one morning newspaper was published the Communist party daily, Pravda. A Christmas tree was lit in Red Square for the first time.

Bonn expected to extend support for short-time working

THE BONN government's support for people on short-time working in east Germany, due to expire at the end of June, is almost certain to be extended until the end of the year, according to a report in today's Die Welt newspaper, writes David Goodhart in Bonn.

The number of unemployed in east Germany now stands at about 600,000 with a further 1.8m on short-time working. According to the latest study from the IDW economic institute, a total of 3.7m jobs will be lost in east Germany by 1992, nearly 40 per cent of the workforce, and 1.2m east Germans will have found work in west Germany.

Under the short-time working regulations, the Bonn government pays the unemployment benefit level (68 per cent of previous wages for married and 63 per cent for single workers) for the non-work periods. These now account for more than 50 per cent of working hours for nearly half of the 1.8m short-time workers.

Some industries have agreed to top up the state money to 90 per cent of normal wages. Those industry supplements, plus the metal industry no-sackings agreement, are not expected to be renewed when they expire at the end of June.

Continuing the short-time working regulations will cost Bonn several billion D-Marks, but it is arguably cheaper than allowing unemployment to soar. Actual unemployment for the whole of Germany is, in any case, expected to reach about 3.5m by the end of this year.

● Chancellor Helmut Kohl yesterday resumed negotiations on forming a new government with his coalition partners, still uncertain as to when he will formally be re-elected chancellor of Germany, Reuter adds from Bonn. Mr Kohl's conservatives and their liberal allies won a landslide victory in all-German elections on December 2, but squabbling over future policies and ministerial posts has delayed formation of a new cabinet.

Finance minister, Mr Theo Waigel, leader of the Christian Social Union (CSU), said plans to re-elect Mr Kohl as chancellor on January 17, three days before state elections in Hesse, could be delayed because negotiations might not be completed. "I think this is certainly possible ... but it could be that we need another week," he said.

Banks lend less to eastern bloc

By Stephen Fidler, Euromarkets Correspondent

MORE EVIDENCE has emerged of the pull-back of international banks from lending to the Soviet Union and the economies of east Europe in figures from the Bank for International Settlements.

Bank claims on the Soviet Union dropped by $3.5bn (£1.81bn) in the first half of last year, according to the forum for central banks. Loans to the whole of the formerly communist east European bloc, excluding Yugoslavia, fell by $5.1bn in the same period, reversing the $3.3bn increase in the previous six months.

Short-term claims on the Soviet Union, Hungary and Czechoslovakia – loans of less than one year – all declined by $3.5bn, $0.8bn and $0.3bn respectively, suggesting they were unwilling or unable to refinance maturing debt by raising new loans from banks.

Lending commitments made to the region but not disbursed also declined, the regular report on Maturity and Sectoral Distribution of International Bank Lending said.

Banks reporting to the BIS were owed $40.6bn by the Soviet Union at mid-year, $10.1bn by Poland, $11.2bn by Hungary and $5.1bn by Czechoslovakia. The total for the region, including east Germany, was $92.4bn.

The figures also show a record decline of $22.8bn, or 13 per cent in banks' outstanding claims on Latin America.

Banks' claims on Brazil contracted by $6.2bn.

Banks shy away from trade finance, Page 4

Spirit of Hoxha lives on in Albanian election programme

By Judy Dempsey

ALBANIA'S ruling Party of Labour (APL) will invest more in the economy, new technology and the expansion of public services, according to its programme for the February 10 elections.

But it has few intentions of dismantling the state or introducing widescale private property in industry or agriculture, nor will it dismantle the legacy of the late Enver Hoxha.

Hoxha founded the Communist party after the war, and pursued a policy of self-imposed isolationism following a break in relations with the US and Britain, and later the Soviet Union and China.

With just four weeks left before Albanians vote in the first multi-party parliamentary elections for more than 50 years, the programme is clearly aimed at reassuring the peasantry and the large bureaucracy that change will be gradual.

A solemn tribute paid to Hoxha in the programme suggests President Ramiz Alia, head of the APL and Hoxha's chosen successor, is not yet ready to break with the past.

"To the APL, with Comrade Enver Hoxha at the head, belongs the historic merit of providing the people with a political programme which gave the possibility to Albania, a tiny and backward country, to detach itself once and for all from the semi-feudal economic and social structures of the past, to usher on the road of industrialisation, economic-cultural development," the party's electoral programme states.

The APL's confidence about controlling the political agenda during the election campaign, and afterwards, is confirmed by a new draft constitution which was published at its behest earlier this month.

The constitution, which will be presented to the country's new parliament after the elections, and only then be promulgated, pledges that Albania "is a People's Socialist Republic".

Even the constitution's preamble remains unchanged: "The Albanian people has blazed the trail of history, sword in hand." This implies that the country's long fight for independence will not be easily compromised.

Yet despite the APL's commitment to retaining the socialist character of the state, significant changes are contained in the constitution. Freedom of religion is guaranteed (Hoxha proudly announced in 1967 that Albania had become the first atheist state); individuals will have the right to travel abroad; foreigners will be permitted to invest in the country; the rule of law will be strengthened.

But similar to the APL's electoral programme, the authors of the constitution, the first new draft since 1946, are cautious about the introduction of private property on a wide scale. Enterprises will continue to be controlled by the state, but will be granted economic independence. Land will remain in the co-operatives but provisions will be made for "other forms of ownership", including private property.

The Democratic Party, the country's only independent party, bases its electoral programme on the need for radical economic reforms. But the party, which was founded on December 12, is inhibited by a media tightly controlled by the state, and remains constrained by the short amount of time with which it has to organise itself before February 10. Leaders of the Democratic Party have demanded postponement of the polls until May.

GREECE SAID yesterday that the influx of Albanians into its territory had slowed, Reuter reports from Athens. Authorities in northern Greece said about 40 refugees crossed the border during the day, the smallest number in the past 10 days during which more than 4,000 Albanians have come across on foot. A government spokesman said a team from the UN High Commission for Refugees would visit northern Greece to assess the needs of the refugees, most of them ethnic Greeks. He added that the government planned to invest in southern Albania.

Economy casts a shadow over Sweden's government

The budget could be the last chance for the ruling party to regain lost ground, writes Robert Taylor

THE SWEDISH budget, to be presented on Thursday, provides probably the last opportunity for the country's ruling Social Democrats to seize the initiative in this general election year.

The party, which is suffering an all-time low in popularity, has just nine months left in which to stage a revival and avoid catastrophe.

But Mr Allan Larsson, the finance minister, will find it hard to offer much cheer to the voters, given the tough task he faces in reviving the ailing economy. Most of the economic indicators suggest that this year Sweden could suffer its sharpest downturn since the early 1980s.

The latest OECD world economic outlook, published at the end of last month, pointed to continuing high interest rates and a slump in investment in 1991. It suggests that this would be coupled with an actual decline in gross domestic product, rapid growth in unemployment, persistently high inflation of over 10 per cent, a drop in industrial production and a further deterioration in the country's balance of payments deficit.

Only in 1992 does the OECD expect any improvement in the Swedish economy, and most of the country's forecasters agree with this bleak prognosis.

The economic gloom is adding to uncertainty about the country's political future after the September 15 general election. Many Swedes still find it hard to believe the party's 60 years of domination could be drawing to a close. But there is now an increasing probability that a non-Socialist coalition government will come to power in the autumn.

The ruling Social Democrats, led by prime minister Ingvar Carlsson, can be expected to fight all the way. After this week's budget, they plan to launch a political offensive on a programme agreed jointly between the party and its powerful blue-collar union allies.

With as many as 20 per cent of voters still undecided about how they will vote in the autumn, Social Democrat strategists are convinced they can still recapture the lost ground, even though it is desperately late to stage a recovery.

The latest opinion polls suggest that the Social Democrats can expect to secure no more than 30-32 per cent of the vote, compared with the 43.2 per cent they won in the 1988 general election. The party has not polled such a low figure since its formative years in the early 1920s.

The Social Democrats have lost support heavily in the cities among young people and blue-collar workers, mainly because of the deterioration in the economy. Many people also feel that the ruling party has lost touch with feelings in the country.

The party may also find it harder now to persuade the floating voters that Sweden has no real alternative to Social Democratic power.

The brief period of non-Socialist governments between September 1976 and September 1982 was unsuccessful and helped to convince the electorate that it needed the competence of Social Democrats. But a credible political alternative has emerged since the autumn, with the two main opposition parties – the Moderates and the Liberals – now united on the key issues.

In October, Moderate party leader Carl Bildt joined forces with Liberal leader Bengt Westerberg in sketching out a common agenda for government. If they succeed in forming a coalition in the autumn, their plans would include:

- ● An immediate Swedish application to join the European Community
- ● A cut in the heavy tax burden as well as curbs on public expenditure to bring Sweden more into line with the rest of western Europe
- ● A shake-up of the welfare state through increased private competition
- ● Measures to strengthen share ownership and personal savings as well as a "rational" energy policy to keep prices competitive.

The Moderates and Liberals are unlikely to be able to secure a parliamentary majority in September, although at present they could expect to gain around 40 per cent of the vote, mainly due to an impressive growth in Moderate support to nearly 29 per cent of the electorate. However, they may be able to rely on support from the Christian Democrats, who look likely to be represented in parliament for the first time, and possibly from the wayward Centre party, which says it wants to see a non-Socialist government in the autumn and now favours free market policies.

Those four parties together could poll between 55-60 per cent of the vote in the general election, giving them a comfortable combined parliamentary majority.

This may look easier to achieve on paper than in reality. The unpopular measures which Mr Bildt believes are necessary to revive the Swedish economy after September could well split the non-Socialist forces. And that would increase the dangers of political fragmentation, with the prospect of as many as eight separate parties in the next parliament.

AMERICAN NEWS

Death knell sounds for Haiti's far-right

Canute James on how the army fell in line with the mood for political reform


Aristide: downplayed his views


Pascal-Trouillot: held hostage

THE short and unhappy rule of Mr Roger Lafontant, whose coup in Haiti collapsed yesterday, indicates a growing mood for political reform in the Caribbean republic of 6m people, rather than just continuing instability.

Haiti is not unaccustomed to the removal of governments by force. Mr Lafontant's "provisional presidency", the sixth government in just under five years, lasted 11½ hours. It was ended by an army which in the past has been involved in coup d'états, suggesting the country's ultra-conservatives, loyal to the Duvalier dictatorship which was overthrown in 1986, have played their last card.

Mr Lafontant sought both to overthrow the provisional government of Mrs Ertha Pascal-Trouillot, holding her hostage, and to prevent the installation of president-elect Father Jean-Bertrand Aristide. Shortly after last month's presidential elections, Mr Lafontant said publicly he would not allow Fr Aristide to enter office.

Yesterday's coup attempt was carried out by rightist thugs loyal to Mr Lafontant and to the former dictatorship. They represent the remnant of the Tontons Macoute, the praetorian guard of the 30-year-long Duvalier regime who are feared by most Haitians because of their reputation for brutality.

In attempting to topple the interim administration of Mrs Pascal-Trouillot, Mr Lafontant claimed that last month's elections were fraudulent, that only a minority voted for Fr Aristide, and that the aim of the coup was the restoration of democracy.

The wave of public protests which greeted the coup, however, supported the conclusions of hundreds of foreign observers of the election that, although there were administrative and logistical problems, the vote was free and fair. According to election officials, Fr Aristide received two out of every three votes.

Mr Lafontant also appears to have miscalculated his support from an army in which several senior officers share his sentiments. The early claim that the army backed the coup was contradicted by a statement from the office of General Herard Abraham, chief of staff. In condemning the coup, the army said it would restore democracy.

Mr Lafontant also appears to have misread international – particularly US – attitudes to Fr Aristide. The priest's pronouncements on political and economic matters had led sections of the US administration to conclude privately what Mr Lafontant said publicly – that Fr Aristide was a communist and was bad for Haiti.

It appears to have escaped Mr Lafontant that the priest later downplayed many of his views, starting a thaw between the president-elect and Washington.

Clearly aware of the danger from the right, the US administration had called for the election to be respected. The quick condemnation of yesterday's coup by the US State Department and the French government will have disabused Mr Lafontant of any notion that his actions had international support.

A government formed by Mr Lafontant would also have been isolated by Haiti's Caribbean neighbours which, for the past three years, have been deeply involved in efforts at political reform.

By all indications, yesterday's coup was motivated less by Mr Lafontant's concerns over the integrity of the election than by concern for his future and anger that he had not been treated fairly in his attempt to gain political office.

When he returned to Haiti from exile last year the former minister faced an arrest warrant. He has been linked with several acts of political violence, including the murder in 1987 of 34 people waiting to vote in an election, which was subsequently aborted.

But Mr Lafontant appeared in public with impunity while the government, the army and the police, clearly worried about a violent reaction from the Tontons Macoute, failed to execute the warrant.

His political ambitions were frustrated, however, by the elections council, which rejected an application to stand as a candidate for the presidency.

Although he would have been barred by the constitution, which prevents close associates of the Duvaliers from seeking public office, Mr Lafontant was rejected because his papers were not in order.

His anger was compounded by fear when the size of Fr Aristide's popularity was revealed in the election. The priest has been the subject of assassination attempts blamed on the Tontons Macoute.

Fr Aristide said one of his first acts on taking office would be to ensure Mr Lafontant's arrest. "He does not respect any type of law, and according to the law he will have to be arrested," Fr Aristide promised.

It is this pledge which appears to have convinced Mr Lafontant a pre-emptive strike was necessary. Ironically, he has given Haitian authorities an opportunity to deal definitively with him and his supporters.

Serrano pledges to end Guatemala civil war after poll win

By Tim Coone

MR Jorge Serrano Elias, a conservative businessman, has won by a wide margin Sunday's run-off elections for the Guatemalan presidency.

With about two-thirds of the vote counted, Mr Serrano, of the centre-right Solidarity Action Movement (MAS), had 68 per cent against 32 per cent for Mr Jorge Carpio, of the National Union of the Centre (UCN).

The final results may show a slightly narrower margin once returns from remote rural areas have been counted, as the UCN has the strongest support in rural areas.

However, as pre-electoral polls forecast, Christian Democrat (DCG) supporters, whose candidate was eliminated in the first presidential ballot last November, have apparently thrown their support behind Mr Serrano rather than Mr Carpio. The DCG has a powerful party structure in the countryside.

Abstention has been as high as 50 per cent, and even higher in some rural areas.

Mr Serrano claimed victory late on Sunday night, promising to end the 35-year civil war in Guatemala and improve his country's international standing by guaranteeing respect for human rights. "We must embrace peace and national reconciliation and go forward together to save Guatemala," he said.

According to international human rights organisations more than 130,000 people, many of them Indians from rural communities, have been killed by the security forces or have "disappeared" during the past 35 years.

Mr Serrano has been a key figure in the peace talks held with left-wing guerrillas over the past three years, and is generally respected by both right and left as an honest broker.

The one blot on his political record was his participation as a cabinet member in the government of General Efrain Rios Montt from 1982-83. Some of the worst human rights violations occurred in Guatemala during Gen Rios Montt's rule.

Mr Serrano, 45, is an engineer and social scientist, and has studied in the US and Sweden. He is to take office on January 14.

It will be the first time since Guatemala's independence from Spain in 1821 that one civilian president hands over power to another elected civilian.


Jorge Serrano (right) and vice-president elect Gustavo Espina after their victory in Guatemalan presidential elections

Bush backs Yeutter for party post

PRESIDENT George Bush will recommend Mr Clayton Yeutter, agriculture secretary, to replace the ailing Mr Lee Atwater as chairman of the Republican National Committee, the White House said yesterday, AP reports from Washington.

"You're going to see an aggressive campaigner," Mr Marlin Fitzwater, White House spokesman, said in announcing Mr Bush's decision. Mr Yeutter, 60, has little political experience.

Officials said on Friday that Mr Yeutter was Mr Bush's choice. Although the president had refused to confirm the decision at a brief news conference at the time, he voiced confidence in Mr Yeutter.

Mr Bush's first effort to name a new Republican chairman proved an embarrassment when Mr William Bennett, a former drugs policy director, first accepted the offer but then turned it down, citing financial restrictions.

White House warns of Soviet summit delay

By Lionel Barber in Washington

DISPUTES over arms control issues and the threat of a Gulf war may delay next month's Moscow summit between President George Bush and President Mikhail Gorbachev, the White House said yesterday.

The two leaders had been expected to sign a Start treaty limiting long-range nuclear missiles during the meeting, scheduled for February 11-13.

The threat to the summit comes amid concern within the Bush administration over the political turmoil and conservative drift in the Soviet Union, highlighted yesterday by the dispatch of Soviet paratroopers to the Baltic states to enforce the military draft.

Mr Marlin Fitzwater, White House spokesman, said the US still intended "at this point" to proceed with the Moscow meeting. But he singled out for criticism Moscow's failure to resolve a dispute over the newly signed treaty on conventional forces in Europe (CFE).

The US has accused Moscow of attempting to circumvent the treaty by moving some weapons out of the zones covered and by reassigning other weapons to the navy, which is not subject to the accord.

Mr Fitzwater went further by suggesting that until the CFE dispute was resolved, the US was unwilling to complete a Start treaty. Many members of Congress, which is responsible for ratifying the CFE treaty, support this.

Mr Fitzwater reacted cautiously to the Soviet deployment in the Baltic, but he reaffirmed US policy opposing the forcible incorporation of the republics into the Soviet Union.

Canadians begin to chart constitutional future

AN AMBITIOUS exercise in grassroots democracy starts in Canada today with the opening session of a 12-member commission which is seeking to determine popular opinion on the country's future constitutional shape, writes Bernard Simon in Toronto.

Through small discussion groups convened in venues as diverse as church basements and trade union halls, the Citizen's Forum on Canada's Future aims to hear the views of up to a million Canadians before it issues its report next summer.

The forum, led by Mr Keith Spicer, a former Ottawa newspaper editor and commissioner of official languages, was set up by Mr Brian Mulroney, the prime minister, following the collapse of the Meech Lake constitutional accord last June and the subsequent rise of separatist sentiment in Quebec. None of the group's members are politicians.

Although the economy has recently emerged as a more pressing public concern than the constitution, fears have grown in English Canada that Quebec nationalists are setting the political agenda.

Looser ties between Quebec and Ottawa – and in many cases outright independence – were favoured by a majority of witnesses who appeared over the last two months before the Belanger-Campeau commission, set up by the Quebec government to consider the francophone province's options. The commission is expected to issue its report by the end of March.

The provinces of Ontario, Alberta and New Brunswick have also formed groups to test their residents' feelings on the country's political future, and to serve as springboards for their demands in future constitutional negotiations.

The forum has trained staff to visit senior citizens' homes, schools and other community centres in an effort to stir up debate. It has also installed a hot-line for telephone callers.

Argentina and Chile in oil venture

CHILE and Argentina, which almost went to war in 1978 over three islands at the two countries' southern tip, are to exploit jointly oil and natural gas reserves in Argentine waters east of the Straits of Magellan, writes Leslie Crawford in Santiago.

The agreement, signed in Buenos Aires last week, is an indication of how far relations have improved since the Beagle Channel territorial dispute was solved with Papal mediation in the early 1980s. It is also the first concrete result of an economic integration accord signed last August.

Enap, the Chilean state oil company, will control drilling and extraction in a 408 sq km area with estimated reserves of 3.8m cu m of oil and 8.4bn cu m of natural gas. It will invest $170m (£90m).

Its Argentine counterpart, Yacimientos Petroliferos Fiscales, will take a 50 per cent share of profits once Enap has recouped its investment.

WORLD TRADE NEWS

Moscow and Bonn sign maritime pact

GERMANY and the Soviet Union yesterday signed a maritime shipping agreement which took 17 years to negotiate, Mr Friedrich Zimmermann, the German Transport Minister, said, Reuter reports from Bonn.

The pact assures Soviet and German ships equal treatment in each other's ports in a period of growing bilateral traffic and creates a body to sort out any practical problems arising from shipping, he said.

An accord on river shipping, which would allow Soviet ships to use the Main-Danube canal when it opens in 1992, was expected to be signed soon, Mr Zimmermann added. The canal will permit vessels to use waterways across Europe from the North Sea to the Black Sea.

It was also announced yesterday that Afghanistan is to resume exporting natural gas to the Soviet Union within a few months.

There are thought to be rich gas deposits in many parts of northern Afghanistan, from where gas used to be exported to southern Soviet Union through a pipeline.

The exports halted when Moscow withdrew its forces from Afghanistan in February 1989. "Security of the pipeline was the main reason for the stoppage," a senior Afghan source said.

A spokesman said that Soviet experts are already in the northern city of Mazar-i-Sharif to restore the system.

Six groups vie to build smelter in Venezuela

SIX international business groups, including Tata of India, Alcoa of the US, and Mitsubishi of Japan are bidding to build a $1.1bn (£560m) aluminium smelter in Venezuela, R.C. Murthy reports from Bombay.

The smelter is to be located at Puerto Ordaz, Venezuela, using electricity from the nearby Guri Dam. It is one of the three aluminium smelters which Venezuela plans to set up. Mr Darbari Seth, chairman of Tata Chemicals, contends that the company's offer had an edge over its competitors, since only two-thirds of the total project cost will be in foreign currency.

Tata intends to export about $500m-worth of equipment and services from India for the project. The successful bidder will have a right to sell overseas 51 per cent of metal produced at the smelter.

The Venezuelan government is to award the contract inside a fortnight, and the plant is to be built within 36 months from the starting date.

● SPAIN'S state-owned Industrias Mecanicas del Noroeste-Imenosa has won a Pta 19bn (£103m) contract covering engineering work and equipment for a phosphate mine at Sidi Chennane, Morocco, it said yesterday, Reuter reports from Madrid.

It leads a consortium including Dragados y Construcciones of Spain and Krupp of Germany. The project is to be completed in 32 months.

Estonia starts search for joint-venture models

But independence could cut it off from a vast Soviet market, **Enrique Tessieri** writes

IT SHOULD come as no surprise that after 50 years of Soviet rule, Estonians as well as Latvians and Lithuanians consider foreign ownership of their land and industries a sensitive issue.

Finnish business leaders, who have set up some 56 joint ventures in Estonia since 1987, believe Estonian independence could even be a negative factor, since it would close their enterprises off from vast Soviet markets.

Mr Ulf Rönnholm, general manager of Sadolin, the Swedish Finnish-based paint company, which set up the first joint venture company in Estonia and the Soviet Union in 1987, believes Estonians and the rest of the Soviet Union still do not fully understand foreign investment.

"It is a general policy in Estonia and the rest of the Soviet Union, down to municipal level, to impose restrictions. We have not tried to increase our stake within EKE-Sadolin (the Finnish-Estonian joint venture paint company) by more than 50 per cent, since we know such a step would be seen by Estonians as a nationalistic issue," Mr Rönnholm explained.

It is no secret that Estonia has been looking at Finland and Sweden as models for building new institutions as well as drafting legislation. Close language and cultural ties link both Finland and Estonia. Since the second world war, some 42,000 Estonians have moved to Sweden.

Finland, which probably has one of the strictest laws against foreign investment in western Europe, continues even after 73 years of independence to be traumatised, like Estonia, by its experience of Soviet relations.

Even if Finland "has a favourable attitude" towards foreign investment, restrictions on foreign capital are regulated by a Restricting Act of 1939, forbidding foreigners from competing within key sectors such as forestry, shipping, real estate, transportation, mining, refining and securities trading. Equity ownership of Finnish companies is limited to 20 per cent and under special permission, up to 40 per cent.

If Sweden also has strict laws against foreign investment, it seems shortsighted for Estonia to look at Helsinki or Stockholm as models for foreign investment.

Both Sweden and Finland may apply for EC membership soon, and this would signify an end to much of these antiquated curbs.

Mr Sven Papp, a Stockholm-based lawyer who has sat on committees drafting laws on privatisation, agreed that gaining full independence from Moscow would not imply automatic transfer of Estonia's industry from Moscow to western hands.

"I would like to stress that even if we have legislation which limits foreign ownership within joint stock companies to 50 per cent, Estonia takes a favourable attitude towards foreign investment. Our economic situation gives us no other choice," Mr Papp said.

Estonian exports 1989
(In per cent)

Capitalist countries (total:R53.6m)	
Finland	39
West Germany	19
US	13
Sweden	8
Portugal	6
Hong Kong	4
Other	10
Socialist countries (total: R78.6m)	
Cuba	21
Poland	20
Mongolia	13
Czechoslovakia	12
Hungary	10
Bulgaria	8
Romania	8
East Germany	5
other	3
Developing countries (total: R9.0m)	
Afghanistan	31
Pakistan	18
Nicaragua	13
Iraq	11
Sierra Leone	9
Other	18

Source: Estonian Chamber of Commerce and Industry

On November 23, 1989, the Estonian Government approved a 10-page decree on joint stock companies, which came into effect this year. Article II, Section 9 states that non-Estonians cannot own more than 50 per cent of a joint stock company without special permission from the Estonian Government.

The Estonian Chamber of Commerce and Industry, the first chamber in the Soviet Union to break from Moscow, says that at the end of September there were 5,600 enterprises in Estonia, of which most – 51 per cent – were state-owned, 32 per cent co-operatives, 5 per cent joint stock companies and 1.4 per cent joint ventures.

Even if curbs on foreign-owned equity seem to limit outside ownership of Estonian enterprises, such laws also allow the Tallinn Government to monitor who owns what, and to keep local industry in Estonian hands. Land ownership is also a sensitive issue for the Estonians.

Apart from nationalism, many analyst agree that one of the biggest legal problems now facing foreign investment in Estonia is which law, Estonian or Soviet, has precedence.

One example of how Estonian and Soviet legislation conflict, adding to uncertainty over joint ventures, concerns taxation. While Soviet law grants joint-venture companies a two-year tax "holiday", Estonian laws do not. Mr Rönnholm says: "I do not see this discrepancy as a big issue. The biggest problem for foreign joint ventures is to secure raw material in the future." He saw land ownership as an important priority for foreign companies.

The Tallinn government is trying to draft legislation on privatisation and a Uniform Companies Act aimed at standardising decrees on joint stock companies, enterprises and co-operatives into one law.

Mr Papp claims the privatisation decree should have been passed last November. "I feel we will be able to draw up something early this year. We are watching the east German privatisation process closely."

Although privatisation is proving a difficult legal issue in Estonia and other parts of the Soviet Union, the Estonian Government has worked out a framework for privatising companies in services, trading and catering which do not have an equity base exceeding Roubles 500,000.

Clearly, switching Estonia to a market economy offering secure and favourable incentives to foreign investment will take time, though less than in other parts of the Soviet Union.

But Estonian nationalism, creating further problems with Moscow, can easily backfire, considering Europe is trying to dismantle barriers and lift restrictions through the Single Market. The Baltic republics, too, face tough competition from countries such as Mexico and Thailand, also vying to attract scarce foreign capital.

OECD credits rates

The Organisation for Economic Co-operation and Development yesterday announced new minimum interest rates for officially-supported export credits (December rates in brackets):
D-MARK 10.12 per cent (10.10);
FRENCH FRANC 11.43(11.49);
GUILDER 10.15 (same);
ITALIAN LIRA 12.96 (12.69)
YEN 7.60 (7.90);
PESETA 15.54 (15.50);
STERLING 11.96 (12.21);
SWISS FRANC for credits of less than eight years 8.30 (same); for credits of more than eight years 8.55 (same);
US DOLLAR for credits of up to five years 8.63 (8.92); for credits of over five years 9.03 (9.32).

These rates are published monthly by the Financial Times on the second Tuesday or Friday of each month, whichever is sooner. They apply to all export credits, except that on those to middle-income and poor developing countries the OECD matrix rate can be used if it is lower. This is a standard set of rates reviewed twice a year (January and July).

NEC and Mitsui win Y880m Uzbekistan satellite deal

JAPAN'S NEC and Mitsui companies have won an Y880m (£3.41m) order for an Intelsat earth station from the central Soviet republic of Uzbekistan, NEC said yesterday, Reuter reports from Tokyo.

This is the first time a Soviet republic has ordered such a station. The Soviet Union has three Intelsat earth stations in Moscow, Kiev and Leningrad.

The earth station, to be installed by the end of this year in Tashkent, will enable Uzbekistan directly to use circuits of the Washington-based Intelsat (International Telecommunications Satellite Organisation)

NEC recently won a Y300m order for a Eutelsat earth station from Yugoslavia jointly with Mitsui.

The Yugoslav deal came after it won a Y1.5bn order for an Asiasat earth station from Mongolia jointly with Sumitomo, NEC said.

● A Japanese, US and Italian consortium expects to win an order from the Soviet state-owned petrochemical company Wespec to build a petrochemical plant, Mitsui said.

The consortium comprises Mitsui, Mitsubishi, Toyo Engineering and Mitsui Engineering and Shipbuilding, Lummus Crest of the US and Tecnimont of Italy, Mitsui added.

Construction will begin by year-end at a cost of $2.2bn (£1.13bn). The plant will be built in Tobolsk, in western Siberia.

Caribbean concerned over Bush initiative on free trade

IN THE first half of this year Belize's exports of citrus concentrate grew by 20 per cent, with more than a half of the exports entering the US without import duties. Belize's citrus concentrate is one of the products allowed duty free under a special trade programme for Central America and the Caribbean, writes Canute James.

Belizean officials fear that the competitive advantage they have through preferential access to the US market could be lost. "If we are put in the position of having to compete openly with producers such as Brazil, our industry could be damaged," said one government official. The likelihood of this open competition is contained in President George Bush's proposal, called the Enterprise for the Americas Initiative, and which envisages a free trade area stretching from Alaska to Tierra del Fuego.

Central American and Caribbean governments are not averse to the proposal. Indeed several states in the region have themselves been adopting more liberal policies aimed at deregulating their economies, and are party to efforts to create common markets in Caribbean and Central America.

The initiative has created some concerns for the lesser developed countries of Central America and the Caribbean, said Mr Ramon Medina Luna, the economy and commerce minister of Honduras. Mr John Compton, the prime minister of St Lucia, conceded that the president's proposal was "a positive and welcome idea" which could be valuable to the hemisphere's economics. "We have no option but to adjust to the new trade realities, but we need time," Mr Compton said. "To open our markets immediately to much larger trading entities . . . would mean the collapse of our own domestic, fledgling industries, and indeed or agricultural production geared to our local and regional markets."

This growing concern about the implications for the smaller countries of the hemispheric free trade area follows earlier expressions of wariness in Central America and the Caribbean over likely negative effects of Mexico's membership of the North America Free Trade Area. But US government officials, like Mr Myles Frechette, assistant US trade representative for Latin America and the Caribbean, argue strongly in favour of the Bush proposal.

Central American and Caribbean government officials and business leaders argue that they are already at a disadvantage in trade with their major market, the US, despite the benefit of duty free access for a wide range of products. The US trade surplus with the region last year was $2.16bn, just under a half more than the 1988 surplus. The surplus rose from $105.4m in 1985 to $762m in 1987, and then to $1.49bn in 1988.

US government spokesmen argue, with merit, that the trade imbalance would have been worse were it not for the Caribbean Basin Initiative, the trade programme under which the region has duty free access to the US market. The US surplus has been the result of declining imports of Caribbean sugar and petroleum products.

"Non-traditional exports to the US grew at an average annual rate of about 15 per cent, 50 per cent faster than overall trade," said Mr Frechette.

This is cold comfort to some Central American and Caribbean governments. They are suggesting that rather than being thrown into the hemispheric free trade area with larger economies, they should be allowed to integrate slowly.

"This has to be handled very carefully so no country can take advantage of the other," said Mr Juan Chevalier, Panama's industry and commerce minister. Mr Pat Thompson, executive director of the Caribbean Association of Industry and Commerce, has suggested the smaller countries of the Caribbean and Central America should be phased into the free trade area over 15 or 20 years.

It is a proposal which is supported by Mr Medina Luna. "We have not yet seen any equitable arrangement which will take care of the region's concerns," he said. "The creation of a single trading bloc raises doubts over the benefits we get from the CBI because the preferential access to the US market will be lost. We need some facility which will graduate us. The question is: How fast do we all get to the state of totally free trade?"

Panic in Somali capital as family of president flees

By **Julian Ozanne** in Nairobi

PANIC broke out *at Mogadishu* airport yesterday, as a large group of Somalis fleeing nine days of fierce internecine clan warfare in the Somali capital forced their way on to two Italian aircraft evacuating the last remaining foreigners trapped in the city.

The incident marks the degree of desperation that has set in among residents of Mogadishu, which is said to be facing acute shortages of food, water and medical supplies and whose streets are strewn with corpses. Health workers said risks from cholera and other epidemics were rising.

Members of President Mohamed Siad Barre's immediate family seeking political asylum were said to be among 70 Somalis who fled the capital and landed in Adu Dhabi. There was also initial confusion over whether the ageing president was among the group, with mixed statements by United Arab Emirates officials first confirming and then denying his presence on board the flight.

Later, the Somali embassy in Rome formally denied the rumours that President Siad Barre had fled to the UAE.

Mr Osman Dirie Hashi, chargé d'affaires at the Somali embassy in the Italian capital, said he "categorically denied" the rumours.

He told the Italian news agency, Ansa, that he had been in contact with the Somali foreign minister, Mr Ahmed Mohamed Aden Qaybeh, who he said was in Abu Dhabi.

Radio Mogadishu, which was on the air yesterday afternoon after silence since Saturday, broadcast a three-minute appeal by President Siad Barre, calling for opposition groups to come to the capital to take part in peace talks under Egyptian and Italian government supervision.

It was unclear whether the radio broadcast, made after reports of Mr Siad Barre's departure, had been pre-recorded.

Heavy fighting was reported again yesterday in Mogadishu, with indications that some troops loyal to President Siad Barre were going on a frenzied spree of looting and destruction before fleeing the capital for the countryside.

The rebel United Somali Congress (USC), *which controls* large parts of the city, maintained yesterday that it had launched a decisive final offensive against the airport, one of the few remaining *strongholds around the embattled* capital of Siad Barre's troops.

Yesterday's Italian rescue operation evacuated 248 people, including 57 Italians and other foreigners, as well as 75 Somalis, aboard two Italian Hercules C130 transport aircraft which arrived back at the Kenyan coastal city of Mombasa. A further 60 Italians at least are believed to be still trapped in the country.

Earlier in the day, at least 22 foreigners, including members of the International Committee of the Red Cross (ICRC), were rescued by French marine commandos and ferried in boats and helicopters to French warships lying off the Somali coast.

In Geneva an ICRC spokesman said the all-Swiss organisation's delegation had been withdrawn from Mogadishu because its personal property and medical equipment had been looted and its vehicles hijacked at gunpoint.

But a seven-person medical team from the international charity, Médicins Sans Frontières (Doctors without Borders) managed to disembark from one of the Italian aircraft yesterday hoping to set up a neutral hospital and tend to thousands of war wounded in the city.

It was unknown whether they had been able to leave the airport.

S African blacks record worst ever school results

By **Reuter and Our Foreign Staff**

SOUTH Africa announced the worst ever school-leaving examination results by black students yesterday, with only 36.4 per cent of passes in 1990, as against 41 per cent in 1989. The pass rate among whites was 97 per cent.

Mr Stoffel van der Merwe, the education and training minister, who described 1990 as a "traumatic" year for black education, blamed strikes by teachers and classroom protests against racially-segregated education for the poor results.

The results are sharpened when added to the fact that, according to estimates by *independent educationists, more* than 40 per cent of black school entrants drop out by their fifth year of education, well before the school-leaving examination.

The *fall* in black success rates in the important school-leaving or matriculation examination was swiftly condemned by black commentators. "The results for white matricultants graphically indicate the imbalance in the way in which children of different races are trained," said the Sowetan, a newspaper mainly read by blacks.

The Sowetan drew attention to the long-term implications of such results by adding that "if this country has to survive the future then it has to deal *with this fact*".

The radical Pan Africanist Congress said the exam results were catastrophic and showed the failure of "Liberation Before Education", a slogan traditionally voiced by members of the African National Congress. The ANC this year abandoned the slogan and urged students to return to school to prepare for a post-apartheid society.

Under apartheid, incrementally introduced soon after the governing National Party came to power in 1948, spending is almost four times as much on a white child's education than on that of a black child.

That is an improvement on 10 years ago when the ratio was 10 to one. But black education *remains influenced by the* apartheid theory, now officially abandoned, that blacks are fit only for menial work. The overall result, by some estimates, is that up to one half of the country's adults are illiterate, while half of school-age youngsters do not attend class.

Mr Van der Merwe said the stoppages were the main cause of the poor results. Excitement among youngsters generated by the release from prison of anti-apartheid leader, Mr Nelson Mandela, in February had also contributed to absenteeism, he added.

He said he was optimistic that next year's results would be greatly improved because black political movements had acknowledged the need for *youths to return to school.*

Protests against teaching in the Dutch-derived Afrikaans language were the origin of a 1976 uprising against white rule in which police shot dead hundreds of black youths.

In the 1980s a "lost generation" of blacks abandoned school under the slogan of Liberation Before Education and became the stone-throwing vanguard of the anti-apartheid movement.

Many business leaders as well as the ANC are concerned at the prospect of a serious skill shortage in a post-apartheid society. In 1986 almost twice as many engineers emigrated from the country as immigrated, a net loss with serious implications given that none of South Africa's *nine* black universities has an engineering faculty.

South Korea's President Roh Tae Woo (right) accepts a personal message from President Mikhail Gorbachev which was delivered yesterday by the Soviet leader's special envoy and deputy foreign minister, Mr Igor Rogachev.

In the message, Mr Gorbachev asked Seoul for help in revitalising the Soviet Union's sagging economy, Reuter reports from Seoul.

South Korea and the Soviet Union, once bitter enemies, established full diplomatic relations last September and Mr Roh visited Moscow last month. Mr Rogachev, the highest-ranking Soviet Foreign Ministry official to visit Seoul, is discussing ways of improving economic co-operation and easing tension on the divided peninsula. Mr Rogachev said he was also due to visit Pyongyang in the near future. His three-day trip to Seoul, announced on Saturday, was hurriedly arranged at Moscow's request, South Korean Foreign Ministry officials said.

Mr Rogachev, accompanied by 12 officials, is expected to urge Seoul to supply the Soviet Union with sorely needed consumer goods. South Korea is working on an economic co-operation and loan package for the Soviet Union worth \$3bn (£1.5bn).

■ South Korea yesterday asked the Soviet Union to comment on a news report that Moscow found and secretly cremated victims of a Korean passenger aircraft shot down by Soviet fighters in 1983 after it strayed into Soviet air space.

The request was made by Mr Yoo Chong Ha, deputy foreign minister, during preliminary talks with Mr Rogachev.

Westpac quits Seoul over strike deadlock

By **Kevin Brown** in Sydney

WESTPAC Banking Corporation, Australia's biggest bank, yesterday announced the closure of its branch in Seoul, South Korea, after the failure of attempts to end a four-month strike.

"We simply cannot yield to unreasonable and uncompromising union demands that would transfer fundamental management rights into union hands," said Mr Dong Soo Choi, chief manager of the Seoul branch.

Mr Choi said the bank had "exhausted all possible avenues towards a settlement" after the rejection of a compromise proposal tabled on December 27. Westpac said it had made concessions on pay and conditions to the bank employees union, which represents 18 of the 38 staff at the Seoul branch.

However, the bank said it had refused demands for a union-dominated "personnel committee" which would have given the union the right of veto on the company's recruitment, dismissals and disciplinary matters.

"The union demand strikes at the very heart of the fundamental principles of management rights.

"Westpac can never agree to transfer management decision-making authority to a labour union," said Mr Choi.

Westpac officials have said they believe the bank was singled out by the union for the first stage of a campaign to improve agreements with other foreign banks.

The strike was marked by allegations of violence and the use of large loud-speakers placed outside the bank's branch by the strikers to annoy the 20 staff who continued to work during the stoppage.

The closure of the formerly profitable Seoul branch is in line with Westpac's strategy of closing underperforming businesses in the wake of a 14.6 per cent cut in net profits to A\$684m (£280m) last year.

The bank said responsibility for South Korean business would be transferred to branches in Taiwan and Tokyo.

However, the closure is a blow to Westpac's attempts to expand its Asia-Pacific business.

Indonesia's spending to rise 18%

By **Claire Bolderson** in Jakarta

PRESIDENT Suharto of Indonesia yesterday announced an increase in spending for the 1991-92 financial year in a budget which emphasised the financing of infrastructure projects while trying to keep inflation down.

Indonesia's budget will increase by nearly 18 per cent in the next year to \$26.6bn (£13.7bn).

Much of the extra income will come from oil and gas revenues, although its contribution to total income had been falling as Indonesia diversified its exports in the face of the oil price slump of the 1980s.

Because of the recent rise in *oil prices however*, the 1991-92 budget predicts a 39 per cent increase in Indonesia's total oil and gas earnings. Increased government spending is to be directed at financing rural *development and infrastructure* projects in an attempt to distribute extra funds without fuelling last year's 9.55 per cent inflation rate, the highest since 1983.

The anti-inflation drive means that the salaries of civil servants and members of the armed forces will not go up though President Suharto promised an improvement in wages "when the state finances later allow it". Development spending on the other hand is to rise by 23 per cent to \$10.52bn. The money will go towards building and repairing roads, building irrigation projects and power plants, and towards schools and agricultural programmes.

President Suharto also said the Indonesian government's commitment to deregulation of the economy would continue and he announced that because of higher domestic earnings in the next financial year Indonesia would cut by just over 8 per cent the money it borrows from foreign creditors to make up the deficit.

Indonesia, which has a total foreign debt of more than \$50bn, plans to borrow \$5.5bn from abroad in the coming year.

Abu Nidal says Belgian hostages free

A RADICAL Palestinian group led by the world's most wanted guerrilla, Abu Nidal, said yesterday that it had released four Belgian hostages, Reuter reports from Beirut.

"In response to great efforts by Libyan leader Muammer Gadaffi ... I am pleased to announce that our movement has released the rest of the Silco boat prisoners [hostages]," said the Fatah Revolutionary Council (FRC) in a statement.

The group did not say when and where the release took place. Abu Nidal, who was previously based in Libya, is reported to have moved his headquarters to Iraq.

The four Belgians are Mr Emmanuel Houtekins, 45, his wife Godelieve Kets, 40, and their children Valerie, 19, and Laurent, 20. They are members of a family of eight seized from the yacht Silco in the eastern Mediterranean in 1987.

The FRC had said previously it would not free the four Belgians until it received a pledge from Brussels that guerrilla Nasser Said, a Palestinian jailed there for an attack on a Belgian synagogue in the early 1980s, would be freed.

UK protests as Sudan releases Palestinians

Mr Douglas Hogg, the British Foreign Office minister, yesterday told the Sudanese ambassador of his "dismay" at the release of guerrillas jailed for a bomb attack which killed five Britons, agencies report.

The five Palestinians were freed after less than three years in jail when a Sudanese judge decided to be lenient because the murder had a "political motivation". Mr Hogg summoned Mr El Rashid Abushama after the members of the Arab Revolutionary Cells, who also killed two Sudanese, left prison.

In September 1988, the Sudanese Supreme Court referred the final decision on the fate of the five, already sentenced to death, to a section of a penal code under which victims' relatives can insist killers be executed, pardoned or given blood money. British relatives refused money.

Algerian PM in Morocco visit

Mr Mouloud Hamrouche, Algeria's premier, arrived yesterday for his first official visit to Morocco, Reuter reports from Rabat. Mr Hamrouche will meet King Hassan, Mr Azzeddine Laraki, the prime minister, and other ministers for talks covering the Gulf and relations with the EC.

Ershad charged with keeping illegal arms

Police have filed the first formal charges against Bangladesh's deposed President Hossain Mohammad Ershad, yesterday accusing him of illegal possession of firearms, agencies report from Dhaka.

Former president Ershad, along with his wife Roushan, is now interned at a luxury villa. If convicted, the ex-president, 60, could be sentenced to life imprisonment.

A deputy commissioner of police, Mr Shamser Alam, filed the charge on Saturday in a police station in the Dhaka military cantonment where Mr Ershad, a former general, lived when he was president, a senior police official said.

Police found four unlicensed pistols, four other unlicensed guns and 174 bullets in the former Ershad residence during raids after he was removed from the dwelling and put under arrest on December 12.

At the same time, the former ruling party in Bangladesh has demanded that Mr Ershad be released from police detention before parliamentary elections, due on February 27.

"We demand immediate release of party chairman Ershad and its secretary-general Shah Moazzem Hossain for creating a congenial and impartial atmosphere to hold the coming polls in a free and fair manner," acting Jatiya Party chairman, Mr Mizanur Rahman Chowdhury, said.

Mr Ershad resigned on December 6 after seven weeks of violent street demonstrations against what his opponents said was a corrupt and autocratic rule.

Mr Ershad handed over power to an interim president, Mr Shahabuddin Ahmed, the former chief justice who was nominated for the job by opposition groups.

Mr Ahmed has repeatedly said his prime task is to make the elections free and impartial to restore democracy to Bangladesh.

A police official said that two more charges will be filed against Mr Ershad, for smuggling and amassing wealth inconsistent with his income. He gave no further details.

During the raids, police found local currency worth \$600,000 (£310,880) and some satellite telephones, which are banned from import into Bangladesh. Mr Ershad's annual salary as president was about 4,000 dollars.

Mr Ershad seized power in a bloodless coup in 1982 and ruled under martial law until 1986 when he was elected president in voting that was widely believed to be rigged.

Malaysian state leader faces corruption trial

By **Lim Siong Hoon** in Kuala Lumpur

MR Joseph Pairin Kitingan, chief minister of the Malaysian state of Sabah, is to face trial on three counts of corruption following his sudden arrest by police last *Saturday*.

The corruption charges, brought by the Anti-Corruption Agency, a federal body, are related to M\$12m (£2.4m) worth of construction con*tracts approved* in 1985 and to timber licences for 2,000 hectares issued in 1987. Most of the contracts allegedly went to his relatives.

Mr Kitingan, chief minister since 1985, *has been freed on* bail of M\$1.5m after a brief appearance in a court in Kota Kinabalu, the state capital. The date for the hearing was not fixed. A day before his arrest, Mr Maximus Ongkili, Mr Kitingan's nephew and adviser, was also arrested and held under internal security laws which permit indefinite detention without trial.

There are similar corruption charges pending against Mr Kitingan's younger brother, Mr Jeffrey Kitingan, a director of the state-run Sabah Foundation. However, he is charged under federal emergency powers. Human rights activists have been campaigning for their removal, along with that of the Internal Security Act.

The charges brought against the chief minister come just *two-and-a-half months after* political opponents of Mr Mahathir Mohamed, the prime minister, gained control of two states, Sabah and Kelantan, in the federal and state elections.

Mr Kitingan, a Roman Catholic, earned the displeasure of Mr Mahathir when, during the election campaign, he took his party, the Parti Bersatu Sabah, out of the ruling coalition and *into the opposition camp* headed by Mr Tengku Razaleigh Hamzah, a former finance minister.

Mr Mahathir has since said that Mr Razaleigh could be investigated for corruption on the failed loans by a Hong Kong subsidiary of Bank Bumiputra, the country's second largest bank, in the early 1980s.

In Kelantan, the ruling fundamentalist Islamic party has begun a systematic campaign to introduce religious edicts into the social and legal system. It has prohibited women *from night shifts in factories* and has banned the sale of alcohol and lotteries.

هكذا من الأصل

World Student Games hit by satellite TV merger

By Ian Hamilton Fazey, Northern Correspondent

ORGANISERS of the World Student Games in Sheffield, in northern England, have not been able to start selling television-linked marketing packages because of the merger of British Satellite Broadcasting with its former rival Sky.

The games, due to begin in July, have been beset by financial problems and uncertainty. Guaranteed television coverage is essential to attracting advertisers at the venues where the games will be staged.

After being turned down by BBC and ITV, organisers secured a contract with BSB and were due to launch packages to international advertisers in November. But the merger with Sky on November 2 meant these all had to be withdrawn.

BSkyB, the merged company, agreed last month to honour the BSB contract. But the games management has since had to re-establish the commitment of countries that had previously agreed to take BSB's coverage, so as to ascertain the size and spread of the potential worldwide TV audience.

Mr Ray Gridley, the Sheffield city council officer in charge of the games, is refusing to reveal the figures until the new packages are ready to be presented to potential advertisers towards the end of this month.

How much revenue these yield will determine whether the games make a profit or loss. The games organisation has received pledges of income so far – mainly from local sponsors – of £5.8m but has financial commitments of £9.4m. With costs estimated at a minimum of £17m, this means that the international marketing effort will be trying to close a potential deficit of £11.2m.

Leaders of the local private sector, including Mr John Hambidge, director of Sheffield chamber of commerce, are urging more businesses in the area to become sponsors.

The delay over TV-linked marketing packages adds to the dilemma of Sheffield city council over whether to provide for the games in its 1991-92 budget.

Coupled with the deepening UK recession, uncertainty over the economic impact of a Gulf war, and the unpredictability of ticket sales, accurate forecasting is impossible. Yet a decision on committing funds must be made in February.

The city is already constrained on spending by the government. The district auditor – the government's watchdog – could, therefore, play a crucial role in deciding the games' future if Mr Michael Heseltine, environment secretary, cannot be persuaded to ease cash controls.

Whatever happens, the £140m borrowed to build a stadium, swimming pool and other facilities is not at issue.

The money is due to be repaid by Sheffield residents who will pay about £25 per head in local taxes for the next 22 years.

Classic motorcycle maker faces inquiry

Trade department launches inquiry into Norton Group

By Jane Fuller

NORTON GROUP, which resurrected one of Britain's most famous motorcycle marques, is being investigated by Department of Trade and Industry inspectors, the department announced yesterday.

The DTI would only say that the investigation was being carried out under section 432(2) of the Companies Act 1985. This means the DTI believes there are circumstances which suggest either the defrauding of creditors, or unfair treatment of shareholders, or failure to give reasonable information.

Mr Philippe Le Roux, chief executive, a former merchant banker and motor biking fan, became involved in the company in 1986 when the company was a shell. Since then, the motorcycle and rotary engine businesses have been revived and the group has entered other engineering fields.

Mr Le Roux said he knew nothing of the DTI's concern until yesterday and could think of no reason for the action.

The two DTI inspectors visited the group's central London office yesterday. Norton said they had asked for a wide range of documents covering the last three years of the company's activities.

This takes the investigation back to before Norton's main market listing, which followed its reverse takeover of Minty, a furniture company.

Yesterday the share price fell 6p to a new low of 15p, a tenth of last year's high.

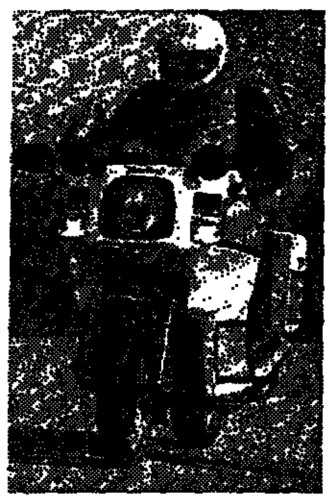
The collapse follows a poorly supported 15-for-4 rights issue, at 20p per share, which temporarily left the underwriters, stockbrokers T C Coombs & Co, holding most of the group's share capital.

The main purpose of the £6.5m issue was to fund the purchase of a German fastener manufacturer, a deal which dissident shareholders tried to block.

They were unhappy because the German concern was being bought ultimately from a Channel Island vehicle for the family interests of Mr James Tildesley, Norton's non-executive chairman. Altogether the deal was worth £8.2m.

The dissidents were led by Mr Yehuda Mendelsohn, head of a US subsidiary called Pro-Fit, which Norton acquired in 1988.

Another disappointment for shareholders last year was that property in north London, which it had been hoped would sell for about £11m, only brought in £4.9m.



The Interpol: the model produced for the police

The inspectors are Mr Richard George Bramwell McCombe QC and Mr John Kenneth Heywood, of accountants Price Waterhouse.

● From the start of the century Norton was famed for quality engineering and racing success and by the late 1950s was selling 10,000 machines a year. But by the 1970s it was on its knees; largely thanks to its indifference to Japanese production.

In 1972 the Conservative government asked Norton to bid for BSA Triumph with the intention of rationalising the combined operation by closing Triumph's Coventry plant. A sit-in followed to stop the closure and the Labour government offered £5m to form a co-operative. Norton Villiers went into voluntary liquidation.

A new era began in 1985 when property interests were injected into Norton Villiers Triumph , a mere shell about to go into liquidation. After one mishap the renamed NVTG was restructured and in 1987 the company bought the Norton Villiers motorcycle business and the rights to the Norton name.

In 1987 the company joined the Third Market and, after a brief diversification into selling night-club and disco membership, they bought Pro-Fit Piping Components, a US engineering business. They announced a first annual profit in 1989.

British retail sales sink to lowest levels since 1981

By Rachel Johnson, Economics Staff

BRITISH retail sales in the run-up to Christmas were at their lowest levels since 1981, according to government figures yesterday which painted a grim picture of the retail recession.

The retail sales figures came as the Society of Motor Manufacturers and Traders reported a drop of more than 27 per cent in new car registrations in December, the sharpest single monthly fall on record.

Official figures for consumer credit, also released yesterday, gave further proof of the reduction in overall economic activity.

They showed a sharp decrease in outstanding borrowing in November – as consumers made efforts to pay off credit card debts to avoid interest charges – and suggested that banks had become much more selective about lending in the recession.

In addition, the Bank of England confirmed that the contraction in the rate of growth of the money supply was continuing as the economy slowed.

The Central Statistical Office said that retail sales volumes fell 0.8 per cent in November – much more than its original estimate of 0.5 per cent – to take the annual rate of decline to 1.1 per cent.

Between September and November, sales volumes shrank by 1.2 per cent compared with the preceding three months, giving the worst underlying trend rate since June 1981.

Brown: fears job losses

The Treasury acknowledged that the figures confirmed the economic downturn was continuing. But it said the figures held out the prospect of "a sharp fall in inflation later in the year".

Mr Gordon Brown, the opposition Labour Party's spokesman on trade and industry, said the figures foreshadowed another grim round of redundancies and bankruptcies.

"With sales again likely to drop immediately after the Christmas and New Year sales boost, I fear for the loss of more jobs in the retail and service sector," he said.

The figures for November were the first to show that the slowdown in the country's high-street retail trade had spread to all sectors except food.

Mr Ian Shepherdson, UK economist at Greenwell Montagu, said: "Household goods have been absolutely clobbered, showing a drop of 10 per cent in real terms." Sales of clothing and footwear were also substantially down.

Only sales of food rose – by 1 per cent over the three - month period.

Mr Shepherdson said the CSO figures for credit business indicated that there was a risk of a UK "credit crunch" – when banks stop lending for fear of loan default.

The data showed that the increase in the amount outstanding on consumer credit agreements in November was £255m, after £368m in October. On credit cards, there was a striking fall in the increase in the amount outstanding from £161m in October to just £26m in November.

The Treasury said it "welcomed the decrease in the stock of outstanding lending as a return to the rate of credit growth experienced early last year".

The final estimate of retail sales volume (seasonally adjusted) in November was 120.4 (1985=100) after a provisional 120.7 in October.

Government advisers support partial sale of power generators

By Clare Pearson and David Thomas

THE chances of a partial sale of the electricity generators have increased sharply after government advisers swung behind the option of retaining a minority government shareholding in National Power and PowerGen after their flotation next month.

Senior civil servants and the government's financial advisers have told ministers that proceeds to the Exchequer would be increased by a partial sale.

Mr John Wakeham, energy secretary, is expected to decide this week on whether to sell 100 per cent or a lesser proportion of shares, which would be likely to be 60 per cent.

He will weigh proceeds against other government objectives, notably the wish among ministers to privatise the generators in one go.

Concerns about funds raised from the generators' sale have been deepened following last month's £5.2bn flotation of the 12 regional electricity companies, which attracted accusations of underpricing by the government.

If all the shares in the generators are sold next month, the privatisation is currently expected to raise about £3.6bn, inclusive of about £700m of debt.

Officials have concluded that proceeds to the taxpayer would be maximised by delaying the sale of a proportion of the shares until a later date.

The argument hinges on the prospect of significant profit improvements at the companies over the next few years, enhancing their market value.

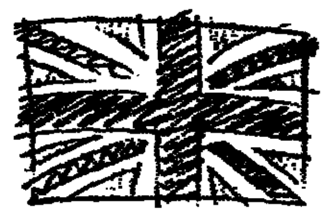
Officials will have cited previous privatisations such as that of Cable & Wireless where big uplifts in value were achieved between sale of the first tranche of shares in 1981 and the third in 1985.

A government minority holding would be strongly disliked by the companies themselves. However, government advisers denied last night that it was simply a threat to persuade the companies to provide more optimistic profit and dividend forecasts to be included in their flotation prospectus, and to take on more debt.

Investors would also be dismayed by less than 100 per cent of the shares being sold. They would be expected to ask for more generous terms in next month's flotation than would otherwise be the case.

Mr Wakeham will have to bear in mind that the government again be turning to the market to sell the two Scottish electricity companies, earmarked for flotation in May.

BRITAIN IN BRIEF



British Coal urged to privatise

British Coal should be privatised as soon as possible, Mr Malcolm Edwards, commercial director of British Coal, told coal industry executives in London.

He said British Coal should separate itself from the Department of Energy as soon as possible and advised business in Britain to "keep well away from the government machine."

Criticising governments of both right and left for forcing British Coal to depend on one product, Mr Edwards compared British Coal unfavourably with Veba, the German coal company, which had been left free to diversify.

He said British Coal should try to broaden its business base, "making it less like the last pre-Gorbachev state coal industry."

Crisis talks at Morning Star

Staff on the Morning Star, Britain's communist newspaper, are meeting to discuss plans to avert a financial crisis through job cuts, investing in new technology and increasing the paper's cover price for the first time in seven years.

The cause of the latest crisis was the announcement at the end of last month that the Soviet Union was cancelling its daily order for 6,000 copies of the paper. The loss of the Soviet order not only cuts the Morning Star's circulation to 8,500, but wipes out £400,000 of its £1m annual income.

GEC-Marconi to close site

GEC-Marconi, the defence arm of the General Electric Company, plans to stop work at one of the four main sites of its underwater systems division near Watford, at the end of March.

The company said it would make every effort to find alternative jobs for the 300 employees at the centre, which is involved in the research and design of acoustic systems. It also said it was possible that another company from the GEC group would take over the facilities.

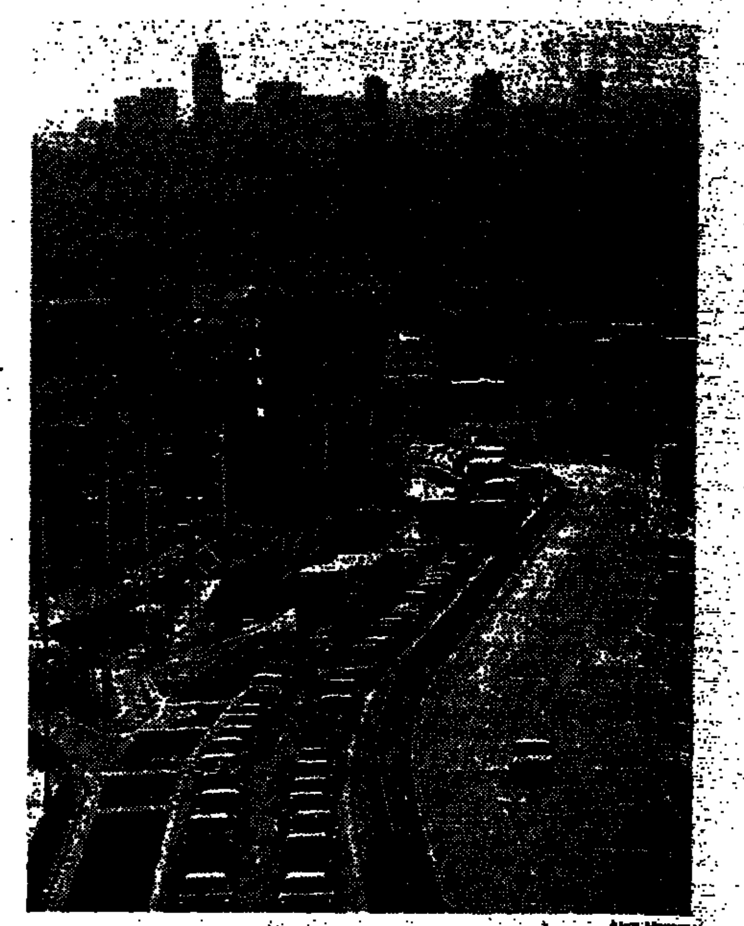
The decision marks the latest in a series of cutbacks in the arms industry reflecting the current squeeze on defence spending.

EC aid for SW England

Parts of Devon and Cornwall in western England which have been hit by a decline in the shipbuilding industry are to receive £11.5m in European Community support for a regional restructuring programme.

The government has already committed a similar sum as part of the EC special aid project for the city of Plymouth and rural areas of the south-west peninsula.

The money will be used to encourage small business and tourism development and to back innovative proposals to regenerate the area.



Alex Harper

London's first Red Route, designed to ease congestion in the capital, was yesterday opened to traffic. Jams soon built-up, however, on the Archway Road into North London (pictured above) despite being designated part of the seven-mile experiment. Transport officials hope tough parking and unloading restrictions on the route, marked by double red lines, will prevent lengthy tailbacks. But local traders have protested that the restrictions could lead to a loss of business.

Green Party faces crisis

The Green Party is facing a financial crisis caused by a fall in membership, increasing overheads and the rising cost of environmental campaigns.

"We are in an extremely precarious situation at the moment," said Ms Judy Maciejowska, one of those responsible for the management of the party. "Currently we are running at a loss." Membership has dropped steeply since it soared to a high of 17,290 last year following the success of the party in the Euro-elections the previous year.

BR faces trial over disaster

British Rail was ordered to face an Old Bailey trial over safety breaches that allegedly caused the Clapham rail disaster, south London, in which 35 people died.

If convicted, BR could face a huge fine. Nearly 500 people were injured in the triple train crash at the peak of the morning rush hour on December 12 1988.

Price report on coffee trade

The Monopolies and Mergers Commission is to deliver its report on the UK instant coffee market to Mr Peter Lilley, trade and industry secretary. He is likely to take some time before publishing the report, the DTI said.

The investigation was launched last April after Sir Gordon Borrie, director general of fair trading, voiced concern that the fall in world coffee prices had not been adequately reflected in instant coffee prices in the shops.

The study was to focus in part on the influence of Nestlé, leader in the £575m a year market, in establishing prices.

Thomas Cook pay rise

Staff working for Thomas Cook, the travel services group, have been awarded pay rises ranging up to 21 per cent under one of the most comprehensive private sector agreements with a union within the UK.

The average rise given to the 6,500 staff will be 11.5 per cent after the TSSA transport union re-negotiated the terms of the deal to ensure that more people fall into the top two grades of performance assessment this year.

Rail disruption in Scotland

British Rail services out of Glasgow were disrupted by a 24-hour strike by guards over the de-barring of five guards from being trained as drivers because they had committed disciplinary offences related to alcohol.

The strike was the first industrial action over the way in which the two-year-old national agreement on the transfer of guards to driving duties has been applied.

ScotRail, the Scottish business division of BR, has offered compensation of £12,000 to each guard if they fail to become drivers following an appeal.

It had made an administrative error in initially allowing their applications, it said.

New car registration falls by a record 27.5% in December

By John Griffiths

NEW CAR registrations in the UK had their steepest monthly fall on record last month, emphasising the severity of the recession now affecting private buyers and businesses alike.

The drop, of 27.58 per cent compared with December 1989, is the first to exceed the 20 per cent level for more than two decades.

Particularly worrying for the motor industry and the UK's 7,500 franchised motor traders is that it denotes a further, sharp acceleration of a decline which has been steepening since September.

The market fell by 18 per cent, on a year-on-year basis, in November and 14 per cent in October.

Manufacturers and traders last night were taking some comfort in the fact that December is usually a poor sales month, typically accounting for less than 5 per cent of annual sales, and that total sales last year were still the fourth highest on record.

Nevertheless, the drop in actual sales volume, of nearly 300,000 cars, has bitten deeply into the motor trade's profitability and there is little optimism of any early upturn.

The Retail Motor Industry Federation, which represents the the franchised motor trade, said it had sent a formal plea to Mr Norman Lamont, the chancellor, calling for a revaluation of sterling within the ERM as a means of forcing down interest rates which, it claims, are threatening the future of the vehicles business.

In the absence of any such action, the downward trend "seems likely to persist in the immediate future" said Mr Simon Foster, director of the Society of Motor Manufacturers and Traders, which released the statistics yesterday.

They showed December sales falling to 62,837 from 86,789 a year earlier. They brought the year's total sales to 2,008,934, down 12.69 per cent from a record 2,300,944 in 1989.

Another minor consolation for the UK industry was that the share of the market taken by imports last year fell, if only marginally. They accounted for 56.74 per cent of sales against 54.95 per cent the previous year.

The SMMT is still forecasting sales of about 1.9m this year. However, that forecast was made in September and may well be adjusted downwards.

Interest rates put motor traders on road to ruin

John Griffiths examines the bleak prospects for vehicle retailers of the government's economic policy

AMONG Chancellor Norman Lamont's Christmas mail was an envelope from the UK's retail motor trade. It contained not a goodwill card but a plea for a prompt devaluation of sterling within the ERM as a means of getting interest rates moving down smartly.

Behind the "siren voice" of the Retail Motor Industry Federation's appeal lay concern about falling car sales and a lengthening list of receiverships among its 7,500 franchised car dealer members.

That concern was given stark new emphasis yesterday with the publication by the Society of Motor Manufacturers and Traders of statistics showing the sharpest single monthly fall in new car registrations in the SMMT's records.

The RMIF's economist, Mr Neil Marshall, says unequivocally that high interest rates are "strangling" the UK car market and imperilling the trade. It is a view shared by the SMMT, manufacturers and other sectors of the industry.

Despite the severity of the drop, 1990 still produced the fourth highest new car market on record, at 2,008,934. It is the drop in volume terms, however – nearly 300,000 units – which has hit dealers and manufacturers hard, although surging production for export (up 40 per cent last years) have provided something of a safety valve for the latter.

On a road to nowhere? New cars await buyers who now have less money to spend

However, what appeared to be causing most concern to the UK trade and industry yesterday was the lack of any immediate prospects of improvement, encouraging fears that the list of receiverships will continue to grow this year and profitability continue to evaporate.

SMMT economist Mr Geoffrey Pelling acknowledged the December figures to be "extremely bad", although he said it was a poor month, typically accounting for less than five per cent of the year's sales. "But what is really worrying is the deepening of the decline since October."

The current year, he warned "is likely to be very tough for the distribution and retail trade."

Three main factors have combined to hit the motor trade particularly hard, in the view of analysts. High interest rates are seen a problem not so much for pushing up the cost of buying cars but because mortgage increases have cut so deeply into disposable income of private motorists. In dampening the economy overall they have also begun hitting company car purchases badly in the past three months, while the Gulf crisis is also eroding company confidence.

The other problem, points out Mr Pelling, is that "there has been a rising trend in new car sales since 1982. Historically sales always follow a cyclical pattern so it was never plausible that at some stage the market wasn't going to go into reverse. The trouble is, all these factors have come together".

Last month's electricity privatisation is also believed to have been a factor in damping demand from private motorists, and Mr Marshall suggests that the private buyer will come back into the market in greater numbers early in the year.

"Business is now definitely feeling the pinch and making economies, whereas if private buyers feel things will get better in the next six months, they will take action now".

Mr Marshall, however, sees "no hope" of any overall upturn in the first quarter.

"Interest rates are keeping us all on tenterhooks. Even if there is a cut next month it will not produce any sign of improvement until the end of the second quarter.

The several dozen dealerships which have ceased trading or entered receivership in the past few weeks – they include such well-known names as parts of London's Follett group – are seen as only a foretaste of things to come in the absence of any marked improvement.

The final nail for some of them has been the rising costs of stocks at a time when resources have been drained by heavy investments in upgrading premises and service standards as part of what is commonly described as a "retailing revolution " in the motor trade.

"For all those investment to pay off we need a market at least as big as last year's with decent profit margins," according to Mr Marshall. "We're used to low margins; the industry's more efficient than anyone, including the supermarket, but we can't operate on negative margins."

In 1989, the RMIF estimates dealers average retained margin on turnover before tax was 2.5 per cent, with the bigger and better managed PLCs managing rather better. During 1990 it's been 1-1.5 per cent.

"We can't yet say it's a collapse, or that closures are about to swathe through the sector. But there are an accelerating number of receiverships and it is worrying.

"The last thing we want is the financial institutions taking the short term view of what's happening. In the past they have pulled the rug too quickly and I hope they'll take the long-term view."

FT LAW REPORTS

Law digest, Michaelmas term

Regina v Inland Revenue Commissioners, ex parte Woolwich Equitable Building Society
(FT, October 31)

BY annual voluntary arrangement with the Revenue, the Woolwich Building Society discharged its liability for investors' tax in the year of assessment. The Finance Act 1985 terminated that system and the Income Tax (Building Societies) Regulations 1986, made thereunder, imposed a compulsory system of quarterly collection. Regulation 11 charged to tax dividends and interest paid *during 1985-86* between the end of the accounting year and February 28 1986. Regulation 11(4) charged tax at the *reduced and basic rate for* 1985-86. So far as Woolwich was *concerned, the effect of* the Regulations was to subject it *over 24 months to tax on 29* months' income. Woolwich applied for judicial review seeking a declaration that the 1986 Regulations were unlawful. While the Revenue rightly conceded that regulation 11(4) was ultra vires, the Woolwich argued it had the effect of invalidating regulation 11 *in toto*. The Court of Appeal held *regulation 11* to be *valid* save to the extent that paragraph (4) purported to fix a rate. Allowing the appeal in part, the *House of Lords held that Regulation* 11 without paragraph (4) was in substance different from the regulation which the draftsman actually produced and the defect could not be cured by deletion.

General Capinpin: Free Wave; Proteus. (*FT*, November 2)

*IN THE charterparties, the lay*time clause provided that *cargo was to be discharged "at* the average rate of 1,000 metric tons *basis five or more avail*able workable hatches *pro rata*, if less number of batches, per weather working day." The owners contended that the clause expressly provided for an overall rate for the ship and that its effect was not to substitute a rate per hatch for the overall rate, but was to qualify the provision for an overall rate in two respects: first, if, when the vessel began discharging, less than five workable hatches were available, the overall rate would be reduced *pro rata*; second, if in *the course of discharging*, any batches should cease temporar*ily to be available*, the relevant period should not count *towards laytime. In dismissing* consolidated appeals by the charterers, the *House of Lords* stated that in all three cases the *owners' construction* appeared to have been adopted by the arbitrators who were commercial men, well aware of the practical consequences of their decision, and of how charterparties *were negotiated* and how they were likely to be understood in the trade.

Derby and Others v Weldon and Others
(FT, November 6)

THE plaintiffs' primary submission was that by a combination of section 1(3) of the Civil Evidence Act 1972 and RSC Order 38 rules 36 and 37, the court had jurisdiction to order a party to disclose, in the form of a written report, expert evidence on an issue, even *though that party did not wish* to adduce expert evidence on *that issue at the trial. Mr Jus*tice Mummery held that the submissions were not accepted. Neither section 2(3) of the 1972 Act, nor RSC Order 38 rules 36 and 37, expressly or impliedly removed or modified the privilege from production enjoyed by such documents under the pre-existing law of evidence and discovery of documents. *There was nothing in those* procedural provisions which empowered the court to direct a party to bring into existence a privileged document embodying an expert's evidence on an issue, or to disclose it to the other side, when that party had no intention of adducing expert advice on the issue. The court had no jurisdiction under *the 1972 Act or Order 38*, or by way of inherent jurisdiction, or *under section 37(1) of the 1981* Act, to make the order sought.

Balfour Beatty Construction Ltd v Parsons Brown and Newton Ltd
(FT, November 7)

PARSONS were consulting engineers employed by the plaintiffs in an initial agreement of March 16 1981 to provide, during the tender stage, drawings to calculate the cost of the building and civil engineering works for a construction of a terminal in Indonesia. A *second agreement was* entered into on July 17 under which Balfour engaged Parsons to provide professional design services. Balfour's building contract was terminated as a result of settlement during construction and it *sued Parsons for breach of the* July 17 contract and for negli*gence between November 1981* and January 1 1985. It then suc*cessfully sought leave to* amend the claim to include the *tender stage. Allowing Par*sons' appeal, the Court of *Appeal stated that the* amended statement of claim involved the addition of *new*, statute-barred, tortious and contractual causes of action, in respect of the period prior to July 1 1982, which did not arise out of the same facts, or substantially the same facts as were already in issue.

K/S Norjal A/S v Hyundai Heavy Industries Co Ltd
(FT, November 9)

BY accepting appointment two arbitrators undertook "to use all reasonable despatch in entering on and proceeding *with the reference" (see section* 13(3) Arbitration Act 1950). Having accepted appointment, they became entitled to reasonable remuneration for their services but their acceptance did not carry with it any right to a commitment fee and there was no basis on which entitlement to *such a fee could arise* as an implied term. For an *arbitrator who had accepted* appointment without reserva*tion subsequently to insist on* payment of a commitment fee as a condition of continuing to perform his services, would constitute misconduct. Whether such misconduct justified his removal depended on the circumstances, Mr Justi ce Phillips stated. However, in *this* case, the arbitrators' request for a commitment fee *was in response to the parties'* request that they hold themselves available for 60 days in the middle of 1992. What had occurred was that parties and arbitrators had reciprocally sought to negotiate a degree of commitment beyond that implicit in the appointment.

Owners of Sardinia Sulcis v Owners of Al Tawwab
(FT, November 13)

After a collision between two *ships and a compromise on one* issue and a referral to arbitra*tion on another matter*, the defendants' solicitors received *advice from correspondents* in Italy that the owners had *ceased to exist as a result of* merger. They issued a sum*mons in the Admiralty Court* to strike out the action on the *ground that it had been com*menced in the name of the *wrong party and/or a party* that had ceased to exist when *the writ was issued. Meanwhile* the plaintiffs had issued a sum*mons* to correct the name. Mr Justice Sheen decided all *points in favour of the plain*tiffs. Dismissing the defendants' appeal, the Court of Appeal held that in the present case there could be no reasonable doubt as to the identity of the person intending to sue, namely the person in whom the rights of ownership were vested when the writ was issued. Moreover, even if the amendment did not relate back and the present writ was a nullity, the court would have no hesitation in amending the order to give effect to the parties' intention.

The Handy Mariner
(FT, November 14)

BY A contract for sale, Intertradax as sellers and Etablisse*ments Soules as buyers, agreed* the sale of a cargo "c.i.f. free *out* Lorient – discharge 400 metric tonnes per hold/ whether working day . . . demurrage $3,500 per day *pro rata* with half dispatch". The contract provided that other terms should be in accordance with Form 100 of the Grain and Feed Trade Association (Gafta). *Clause 16 of Gafta* Form 100 provided "discharge *shall* be as *fast as* the vessel can deliver in accordance with the custom of the port". The Handy Mariner arrived with the cargo at Lorient on September 30 1987. Owing to congestion in port, she had to wait for a berth until October 13 before the cargo could be discharged. Dismissing the sellers' appeal that time started to *count* when the vessel arrived in port or when notice of readi*ness was given at the* latest, the Court of Appeal stated to undertake liability for demurrage while the vessel was in port waiting for a berth, would be an open commitment in a contract for purchase since the receiver could not control congestion in port. Clearer words would be required before holding that buyers had assumed liability and time started to count when the vessel berthed.

Aviva Golden

هكرامن الأصل

TECHNOLOGY

New robot quickens the pace

A MAJOR Swiss chocolate manufacturer will soon be equipping its factories with a new type of robot, known as the parallel robot, which is faster and lighter than almost any other robot on the market.

Of Swiss origin, the concept for the Delta robot was developed at the Ecole Polytechnique Fédérale de Lausanne and has been industrialised by Demaurex, a precision automation company. The advantage of the parallel robot design is that the heaviest parts of the machine, notably the drive motors, are completely static at all times. In other robots these have to be integrated into the moving arms, giving additional weight and inertia which has adverse effects on speed and precision.

Characterised by a very simple mechanism, the Delta resembles an upside-down tripod, at the apex of which is suspended a platform to hold the robot "hand". Each "leg" of the tripod engages, at its top end, with a shoulder which is driven by a motor fixed to the robot base. By rotating the three shoulders the suspended platform can be made to move in three translational axes.

The impression of the Delta is one of extreme fragility. When the first European application began just over a year ago, workers doubted it would last even three months. In reality, however, Swiss packaging company Sandherr reports that it runs without difficulty, two or three shifts a day, five days a week.

In the Sandherr application, the Delta is integrated into an automated production system for making environmentally-friendly yoghurt pots. The robot is equipped with a vacuum gripper to transfer the recyclable paper components to the machine that adds the plastic component – also recyclable.

In the forthcoming chocolate factory applications, the Delta robots will be used to fill plastic blister packs at the rate of 80 chocolates a minute. The robots will be equipped with vision systems as the chocolates arrive randomly on a continuously moving belt and the blister packs are also carried on a conveyer.

Anna Kochan

Lynton McLain explains how British Airways is using IT to maximise the profit from its flights

Computers climb into the hot seat

There are no wings on the computers at British Airways, but without computers BA would never leave the ground.

The airline is so dependent on its computers that it is spending the equivalent of two new Boeing jumbo jets – £150m a year – on information technology. This amounts to 3 per cent of BA's gross revenue, a figure set to rise to 5 per cent in the late 1990s.

British Airways sees itself as a "global service business dependent on the excellence of our information technology," says Jenny Sharp, BA general manager for corporate training.

Information technology has become so important to BA that the airline wants three quarters of the airline's annual intake of 200 young graduates to work in IT, alongside the 2,200 IT staff which make up almost 5 per cent of the airline's 49,000 staff.

Yet while the business of BA is flying airliners and passengers around the world, the flights are no longer the starting point, but the end product of other activities – the main one being the management of information. This has grown in importance since BA was state owned and less computerised, when it was driven more by production – its flights and airliners – than by marketing the seats.

In the early days, airliners flew on a wing and a prayer that passengers would materialise to fill the seats. But given the high price of jumbo jets and intense competition to win passengers in a sluggish market, the current emphasis is on maximising the profit from each flight.

BA's marketing tools aimed at maximising profit include turning flights and seats into "products". These help passengers choose a favourite airline, rather like the makers of soap powder who claim their product washes whiter in the hope of earning loyal customers.

Yet, unlike soap powder, airline seats have no shelf life. Sir Colin Marshall, chief executive of British Airways, says "a seat on a flight is the ultimate perishable item". Once an airliner takes off with an empty seat, it has lost an opportunity to earn revenue.

To help sell seats BA uses one of the fastest and largest computer systems outside the defence industry, with 200,000 terminals attached to 15 mainframe computers and 200 midrange computers, mostly from IBM. The system can extract data from anywhere on the BA world network in two seconds from a memory with more data (10 gigabytes) than all the words in 1,000 London telephone directories.

John Watson, director of information management at British Airways, says: "You couldn't run a logistical operation like an airline without information technology."

Logistics for BA involved carrying 25.2m passengers on 274,000 flights to 164 destinations in 75 countries using 229 aircraft in 1989-90. The complexities multiply with the 26 fare levels BA offers, in currencies from the 75 countries.

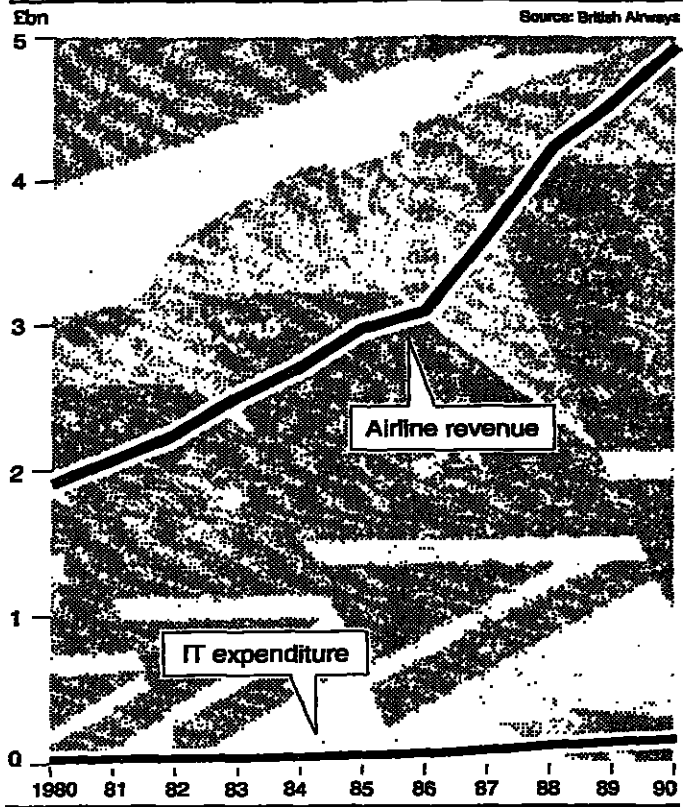
The airline can seek to link seat availability to the currency a passenger uses. When sterling is strong, for example, BA may limit the availability of seats to passengers paying in weaker currencies.

"With an average of one flight departure every two minutes with two or three classes, 70,000 passengers each day and a mass of historical data to analyse, we have employed the most sophisticated forecasting and decision support systems imaginable to help make us the most profitable airline in the world," Sir Colin says. "This is a strategic use of technology."

The enormous number of permutations implicit in the possible combinations of these figures demands computers to juggle them to maximise the yield, or profit, from each seat flown by BA. Much of the juggling happens in "real time", such as when a passenger awaits his tickets at the travel agent or an aircraft is redirected to take account of a following wind.

Maximising the profit from each seat is "yield management," says Watson. Yield management is the alchemists' stone of airline management. Correctly handled, it can yield gold for airline shareholders; badly handled, or not handled at all, it can yield disaster, for a failure of yield management amounts to a failure to make the most of the hugely expensive airliner.

BA revenue and IT expenditure



The problem for BA, along with most other international airlines, is that it "only makes a profit if we sell seats at the highest possible price. These are first class and executive seats, just the ones that cost people a lot for the freedom not to turn up if they do not want to. Yet if the seat is not used, the product [the seat] perishes and the profit can be lost because it is not available for sale to somebody else," Watson says. "It is very easy to fill the plane and lose money."

But airlines overbook flights precisely so this does not happen – the yield per seat is maximised by having more than 100 per cent of the seats booked. Much of the IT effort and investment at BA is dovetailed to the management of overbooking, in such a way, it hopes, that a majority of its passengers will not be upset and those who are upset will be paid handsomely if they are victims of overbooking.

The ultimate task of the BA board is to manage the booking of each seat to produce maximum profit. To do this, BA "compares the actual daily booking patterns at least 12 times a year with previously made forecasts of the booking patterns," Watson says. "The nearer you get to the date of a flight, the more you revise the booking forecasts, so by the day the flight is due to take off the forecast is close to the actual booking for that flight."

This enables the airline to offer seats for maximum profit up to the last minute, so a seat that might have been held in the hope that it would be sold for a high ticket price, but remained unsold at that price as the date of the flight approached, could be offered at a lower fare and at least produce some revenue.

Generally, however, the later a passenger books, the higher the fare. The passenger is paying for the privilege of not giving the airline the advance warning it would ideally like to enable it to make the accurate forecasts it needs to maximise the profit from each seat.

The constant revision of forecasts sounds simple, but to be most effective in producing profits the technique requires precise forecasting. This is where the airline's bank of data on booking patterns comes in, going back several decades. It has become the airline's biggest, intangible asset.

The more comprehensive the data, the more accurate the forecast and the greater the possibility of maximising the profit for each seat. This explains why BA is seeking to get more information about its passengers' travel habits.

Sir Colin, in a recent speech on IT, says IT is "inseparable from the operation of our business". He sees it both as a utility and as a strategic tool. As a utility, BA expects to be able "to switch on IT like electricity and expect it to work without having to think much about it," he says. As a strategic tool it offers "a means of changing the very nature of your business, your products and your services".

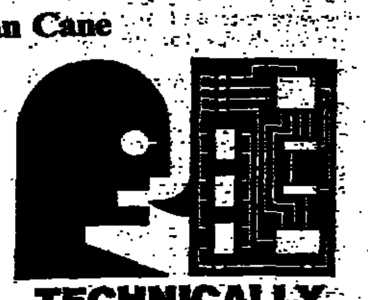
BA claims to know the contribution of its computer systems to its business, but it is reluctant to discuss what this is and how it is evaluated. "The financial impact of yield management using our computer system is massive, running into tens of millions of pounds a year," Watson says.

The importance of IT to BA is illustrated by that fact that in spite of duplicating all the information on two separate databases, BA still spends more than £500,000 a year on insurance against loss or failure.

The airline is seeking more computers, more capacity and more information about its passengers' travel habits to enable it to remain competitive. It would like more computer capacity in the 1990s, equivalent to a total of almost 50,000 books of the London telephone directory, or 500 gigabytes, 50 times the capacity of its present system.

IT relegated to the back bench

By Alan Cane



TECHNICALLY SPEAKING

The difficulties encountered by local authorities and information technology suppliers alike in providing adequate computer support for the collection of Britain's community charge illustrate vividly what happens when the data processing implications of a change in policy are underestimated or ignored.

Automation, at its simplest, should bring savings in money and jobs. In these terms, the poll tax has been an unmitigated catastrophe. Recent Audit Commission figures indicate that the rating system raised £17.8bn at a cost of £200m or 1.1 per cent of the total collected. Community charge raised £13.2bn at a cost of £411m or 3.1 per cent.

In one local authority, where 250 people were needed to collect rates under the old system, another 200 had to be taken on to handle poll tax.

New computer systems had to be installed and new and complex computer software written. Software suppliers are bitter about the way the software was commissioned, with specifications changing daily and much being left to individual interpretation – a notorious recipe for disaster. It seems likely that no supplier made much money out of developing poll tax software.

This is not an attack on the community charge. It is, rather, a warning about a worrying tendency within government to make policy without regard for the data processing implications of new legislation. Worse still, there is an assumption that computer specialists and computer systems will be able to cope, no matter what demands are made of them.

Despite the poll tax fiasco, there are plenty of signs that the lessons are not being learned. Changes in the health service designed to improve cost control, for example, will depend for their success on effective use of IT. But was the role to be taken by information technology integral to the basic planning or tacked on as an afterthought to solve the administrative problems? Many of those involved in the practical side of the business tend to the latter view.

The obvious danger is that if this continues unchecked, a whole raft of new legislation could soon be in place, underpinned by hastily patched together or inadequate computer systems.

There are clear lessons from business where over the past few years it has become accepted that if IT is to be used effectively there must be close integration between data processing strategy and business planning. But it is not easy. It has become the single most intractable problem for information technology directors, taking precedence over meeting project deadlines or recruiting enough qualified staff.

George McNeil, managing director of Groupe Bull's UK subsidiary, wrote to John Major when he became prime minister offering consultation and advice on the next round of poll tax computerisation.

Something more than individual initiatives is needed, however, something more akin to a government chief information officer (or organisation) charged with ensuring that IT implications are taken fully into account in strategic planning. There are two possible candidates for this role, a minister for information technology or the Central Computer and Telecommunications Agency (CCTA). The first, however, has been effectively abandoned and the second has had its teeth drawn in successive reorganisations.

Because there is little to be gained from new bureaucracy, it may be time to resuscitate the notion of a IT minister at cabinet level, backed by a revitalised CCTA and possibly a panel of industry experts.

Such a guardian of the nation's computing capabilities would have killed the poll tax at birth.

Assessing investments

Real men eat quiche in East Anglia

Charles Batchelor spends a day with 3i in Cambridge

It is 8.45 on a Friday morning in the Cambridge office of 3i, the largest UK venture capital group. The thick mist covering much of Cambridgeshire has delayed the normal 8.30 am start of the meeting to review potential investments and Jim Martin, 3i's local director, is keen to get started.

Martin and his six fellow executives are weighing up a request for just over £100,000 of loans and equity from an entrepreneur who has developed a new vending machine. A precondition for 3i backing the deal (jointly with another venture capital firm) is that the entrepreneur finds a managing director to provide commercial skills.

Nick Wood, the young 3i executive who is handling the deal, believes that the technology has great potential but he has been unable to find a suitable managing director from among the 3i register of available executives. He is worried that 3i will lose the deal.

John May, another senior executive (an investment controller in 3i parlance), has different doubts about the project. He believes that recent food-poisoning scares have made people reluctant to buy meals from a vending machine. Jim Martin is more concerned at the failure to find an md. "If we can't find someone maybe there is something wrong with the project," he says.

Martin suggests one local entrepreneur whom 3i has backed in the past. But he also tells Wood to comb the 3i register once again for other possible names while at the same time drawing up a one-page description of the job they want done. "It can be done in a few days," he says.

The vending machine start-up is one of two possible investments to come under scrutiny in what 3i calls its "fast forward" meetings on this particular Friday morning. The other is an established trading company which wants expansion finance.

The problem here is that the company has consistently failed to make its forecast profits and, with a large slug of low-cost Business Expansion Scheme finance already in the business, it may well jib when 3i offers finance at a more commercial – that is, a higher – rate.

Any deals which are slightly tricky are dealt with in the so-called fast forward meetings to ensure that they do not get pushed to the end of the queue. These meetings allow a group discussion of any weaknesses in the company or the financing proposal and provide an opportunity for the more junior members of the team to gain experience.

Jim Martin: 3i Cambridge invested £22m in 52 deals in 1989/90

Alan Harper

3i's approach to assessing investments may hold some useful lessons for the business-person seeking venture finance. Its methods are not dissimilar to those employed by many of the 120-plus UK venture firms, many of them headed by people who began their careers with 3i.

The Cambridge team normally holds fast forward meetings twice a week but if a very quick decision is required a meeting can be called at any time. Martin is conscious of the criticism frequently thrown at 3i that because it is a large organisation it is slow and bureaucratic.

Martin can personally authorise three quarters of the deals which cross his desk while another 20 per cent can be approved after consultation – usually by phone and fax – with another 3i director. Only 5 per cent – where 3i is being asked for more than £1m worth of equity and/or loans – needs to be referred to head office in London.

The East Anglian region has been a source of good business to 3i in recent years. The Cambridge office invested £22m worth of loans and equity in 52 deals in 1989/90 though the economic downturn has depressed activity. Martin expects to invest only about £15m in 35-40 deals in 1990/91.

A chartered accountant with experience of working for two large industrial companies, Martin, now 36, has been with 3i for 10 years, the last 2½ heading the Cambridge office. The rest of his team come from largely financial backgrounds though some have industrial experience. They can call on specialists at head office for more detailed industrial expertise.

With 24 regional offices in addition to its London headquarters, 3i has by far the densest regional coverage of any venture capital firm in Britain. Rivals say that this allows it to dictate the price of many regional venture capital deals but Martin is adamant that competition from local and London-based funds is tough.

Even so, 3i's local presence does give it a strong advantage. All local companies with growth potential are closely monitored. Even the entrepreneur who walks in off the street seeking finance is unlikely to be completely unknown to the 3i team, claims Martin.

Surprisingly, in an industry which likes to give an impression of dealing in precise financial ratios, 3i's criteria for backing a project appear vague. "We have no formal financial targets," says Martin. "We look at whether the business has growth potential and we assess the people."

The fast forward meeting over, Martin has an appointment with Elmjet, a three-year-old company which has racked up large but not entirely unexpected losses developing an inkjet technology.

Orders are finally starting to come in in growing numbers and Elmjet needs to raise a fifth round of financing early in 1991. Geoff Broad, Elmjet's managing director, has good news for Martin. Elmjet is on the verge of signing a big supply contract with a US printing company.

Broad says he may not need extra cash next year but he wants a "buffer" in case his cash-flow forecasts prove too optimistic. Instead of putting in more equity would the eight investors each be willing to guarantee a £100,000 bank overdraft? Martin agrees on behalf of 3i.

In retrospect, says Broad, eight investors are far too many. When orders dried up early in the year and the going got very rough each one had a different view on how Elmjet could solve its difficulties. In addition, five fund-raisings in three years proved a considerable drain on Broad's time. Better to have arranged bigger slugs of capital which could have been drawn down to an agreed time-table, he says.

Back in the office Martin and Nick Wood have a lunch meeting arranged with two executives they are backing in a start-up deal to exploit a new printing technology. The deal, which requires 3i to provide £500,000, has a number of complications. The company which owns the technology wants a quick deal; 3i's lawyers are saying they will not be able to complete the "legals" in time; and the other venture capital investor involved is dithering.

The four men go through the details of the deal over the quiche and bottled water. They can do nothing to hurry the other venture capital company and the two entrepreneurs are left to spend the afternoon waiting for a phone call.

They hear later that the other venture capitalist has got cold feet. The deal is put on hold and 3i is left looking for another investor.

The meetings so far have all involved companies known to Martin but after lunch he has a 1½-hour drive for a first-time meeting with Tony Graham-Enock, joint founder of Spoils, which has a chain of 21 reject kitchenware shops. Graham-Enock has told 3i he wants a £1.2m loan to buy a larger warehouse but Martin hopes in the long run to provide equity finance too. Spoils is expanding quickly and is projecting pre-tax profits approaching £750,000 on sales of £12.5m.

Graham-Enock says he has always thought of 3i as being too expensive – "We're as tight as ticks," he explains – but he wants to see what Martin can offer. After questioning Graham-Enock about his business for 1½ hours, Martin outlines four possible ways of structuring a loan deal. Before he can make a definite offer, though, he needs more detailed cash-flow figures.

It is nearly 7pm before the discussion finishes. Martin still has the drive back to Cambridge before him and his desk to clear. The mist has lifted though.

Pausing on the brink

Charles Batchelor advises companies in difficulty to consider whether insolvency is absolutely necessary

The directors of companies facing financial difficulties should think twice before leaping into liquidation or initiating insolvency proceedings, according to the Institute of Directors.

Many directors may be panicked into starting formal insolvency procedures at the first sign of trouble because of the severity of the penalties for wrongful trading created by the Insolvency Act 1986 and because they have misunderstood the true legal position, the institute warns.

The mounting toll of business failures has prompted the institute to issue emergency guidelines* advising caution before directors rush to the receiver. January is the time when banks tend to make up their accounts and review the level of outstanding debts.

"This year is going to be difficult for many companies and small businesses and it is important that directors should be aware of avenues open to them which fall short of the irrevocable step of liquidation," Peter Morgan, director general, says.

The institute's guidelines remind directors that there is nothing inconsistent with their duties under the Act in asking for an informal creditors' moratorium to give time for a company to resolve its problems – provided they do so on proper professional advice.

They also point out that several insolvency procedures – voluntary arrangements, schemes of arrangement, administration, receivership and administrative receivership – provide a framework for a rescue or a restructuring.

The new legislation does expose directors to serious risks and personal liability if they are found guilty of wrongful trading but they should beware of adopting an unrealistically defensive course and of being too ready to deliver the company into the hands of its bankers, the institute says. Non-executive directors, who face the same penalties as executive directors, may be particularly tempted to take this course.

"It would be a sad irony if a major reform designed to eliminate disreputable conduct actually proved to increase the volume of business failures," the institute says.

** Guide to Boardroom Practice – Companies in Financial Difficulties. From Director Publications, Mount Barrow House, 12 Elizabeth Street, London SW1W 9RB. Tel 071-730 6060. 3 pages. £3 + 50p p&p.*

In brief...

■ Concern at the low levels of training among small business owners has prompted the trainers to reassess the effectiveness of their methods in recent years. Training The Small Business Owner – Have We Got It Right? is a one-day conference to be held in London on March 7.

It aims to suggest new approaches to training and is intended for people involved in small business advice and training.

Contact CASL, Congress House, 55 New Cavendish Street, London W1M 7RE. Tel 071-486 0531. Fee, including VAT, £299 (before January 31) and £368 thereafter.

■ Smoking at work has become a contentious issue which few businesses can afford to ignore. In 1982 only 6 per cent of companies had formal policies but by 1989 the number had risen to more than 20 per cent while 80 per cent of large companies had moved at least as far as creating no-smoking areas.

A new guide* entitled Smoking Policies at Work has been drawn up by The Institute of Personnel Management. The institute advises that any policy must be thoroughly discussed and agreed with the people who have to live and work with it.

Issues which may arise include the fact that smokers may be in a minority overall but may form a local majority in some areas; that many smokers will concede the rights of non-smokers while some non-smokers may defend the rights of smokers; and that accommodation presents one of the thorniest problems.

**Available from the Development Officer, IPM, IPM House, Camp Road, Wimbledon, London SW19 4UX. 10 pages.*

Single copies available free on receipt of stamped addressed envelope or 25p each for more than one copy.

■ Sustaining the Family Business, a one-day seminar on the special problems facing the family-owned company, will be held in London on February 25. Among issues to be discussed is whether there is a need for the creation of an independent forum to discuss questions affecting the interests of family businesses.

Contact The Royal Society for the encouragement of Arts, Manufactures & Commerce, 8 John Adam Street, London WC2N 6EZ. Tel 071-930 5115. Fee (for non-fellows of RSA). £35 inc VAT.

■ Britain's small businesses absorbed more than 1m people who had been made redundant by large companies in the 1980s but their capacity to take up much of the expected increase in unemployment in the current recession may be more limited.

This is one of the conclusions arising from the latest NatWest Quarterly Survey* of Small Business in Britain published by the Small Business Research Trust.

The number of businesses surveyed which expected employment levels to decline in the final 1990 quarter exceeded those expecting an increase by 2 per cent. The numbers expecting sales to increase outnumbered those expecting a fall by 5 per cent but this figure was sharply lower than the 15 per cent recorded in the third quarter of 1990.

Since lower sales lead in time to lower levels of employment it seems inevitable that labour shedding will continue and possibly accelerate, the survey's authors said.

High interest rates remained the number one concern of small business owners (reported by 25 per cent of respondents) but low turnover/lack of business moved up to become the second most important issue, pushing cash-flow and payments into third place.

**Available from SBRT, School of Management, Open University, Walton Hall, Milton Keynes, MK7 6AA. Tel 0908 655831. Single copies £15; annual subscription £45.*

Touche Ross

VIGA

Viga Sports and Leisure Wear Limited
(In Administrative Receivership)

The business and assets of the above company are offered for sale.

The Company is engaged in the distribution of its own brand of sports and leisure wear under its branded name VIGA.

Main features are:

- ☐ Respected name and trade mark VIGA.
- ☐ Annual turnover approximately £1 million.
- ☐ Order book of approximately £100,000.
- ☐ UK customer base includes retail sports shops and major multiples.

For further details, contact Ted Wetton or alternatively the Joint Administrative Receivers Gurpal Johal and Ralph Preece at the address below.

10-12 East Parade, Leeds LS1 2AJ.
Tel: 0532 439021 (Ext.256). Fax: 0532 445580.

Member DRT International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Touche Ross

Glenfrome Engineering Limited
(In Administrative Receivership)

The Joint Administrative Receivers, Mr Peter Thurston and Mr David Bird, offer for sale the goodwill and assets of the above company located on a substantial freehold site at Hudds Vale Road, St. George, Bristol.

- ☐ Engaged in the specialist field of coachwork conversions and stretching of limousines, the company had a turnover for 1989 of approximately £3.3 million.
- ☐ Main business:
  - – Conversion of stretched Volvo cars into funeral hearses, and limousines.
  - – Vehicle conversions, made to order, based upon Mercedes/Rolls chassis.
- ☐ The company has obtained outline planning permission for residential development on the site.

For further information contact Peter Thurston or Janice Cox at the address below:

Queen Anne House, 69-71 Queen Square, Bristol BS1 4JP.
Tel: 0272 211622. Fax: 0272 292801.

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Touche Ross

Harris Computer Developments Ltd
(In Administrative Receivership)

The Joint Administrative Receivers, Mr P.L. Thurston and Mr A.M.D. Bird, offer for sale the business and assets of the above company, which has written and supplied a variety of housing and revenue software packages to 26 local authorities throughout the UK.

- ☐ The major asset for sale consists of 5 year licensing agreements together with intellectual property rights to the underlying source code. These carry a contracted income in excess of £825,000 over the next 5 years. Potential exists for increasing this income by the renewal of agreements by customers in the immediate future.
- ☐ Other assets for sale comprise the goodwill of the company, together with leasehold premises at Nailsea, Avon, computer equipment and all office furniture, fixtures and fittings.

For further details, please apply in writing to P.L. Thurston at the address below or by telephone to Ralph Paterson.

Queen Anne House, 69-71 Queen Square, Bristol BS1 4JP.
Tel: 0272 211622. Fax: 0272 292801.

Member DRT International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Touche Ross

Cosmetic Pencil Manufacturer
(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of the above company.

- ☐ Nottingham area.
- ☐ Fully equipped industrial unit.
- ☐ Freehold and leasehold properties situated on 1½ acre site.
- ☐ Turnover approximately 2 million.
- ☐ Product mix 75% cosmetic pencils, 25% speciality pencils.
- ☐ Skilled management team and workforce.

For further details and a sales package, please contact Lindsay Denney or Nick Dargan at the address below:

1 Woodborough Road, Nottingham NG1 3FG.
Tel: 0602 500511. Fax: 0602 590060.

Member DRT International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Touche Ross

Cellular Service Provider

The Joint Administrative Receivers, D.L. Morgan and R.A. Powdrill, offer for sale the subscriber base and business of a provider of cellular services based in East London/Essex.

- ☐ The subscriber base comprises approximately 1,400 current numbers.

For further information contact A. Brannon at the address below.

Friary Court, 65 Crutched Friars, London EC3N 2NP.
Tel: 071 480 7766. Fax: 071 480 6881.

Member DRT International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

J F Powell FCA and D R Wilson FCA, Joint Administrative Receivers

Welland Group plc

Welland Homes

WELLAND GROUP

WSJ

Following the appointment of Joint Administrative Receivers to Welland Group Plc and subsidiaries the following businesses are available for sale:

Welland Homes East Ltd
Quality house builder based in Market Harborough, Leicestershire
- Turnover £14.7m p.a.
- 12 sites in East Midlands
- Substantial land bank

Welland Homes West Ltd
Quality house builder based in Oswestry, Shropshire
- Turnover £8.4m p.a.
- 11 sites in West Midlands
- Substantial land bank

WSJ Construction Ltd
Well established and respected construction business based in Oswestry, Shropshire
- Turnover £5.1m p.a.
- 10 ongoing/4 new contracts
- Historically profitable

Welland Projects Ltd
Industrial construction business *based in Market Harborough, Leicestershire*
- Turnover £1.1m p.a.
- Contracts in progress
- Experienced staff

Craft & Management Training (UK) Ltd
Craft & Management Training business running YTS and ET courses based in Wellington, Shropshire
- Turnover £500,000 p.a.
- Ongoing Courses
- Training centre in West Midlands

FOR FURTHER INFORMATION PLEASE CONTACT:

Leicestershire:
Bob Bailey, Cork Gully, Abacus House,
32 Friar Lane, Leicester LE1 5RA,
Tel: 0533 622338 - Fax: 0533 536929

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Kevin Haycock, Cork Gully, 43 Temple Row,
Birmingham B2 5JT,
Tel: 021 236 9966 - Fax: 021 200 4040

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

Cork Gully

Smith & Williamson

Corporate Recovery · Litigation Support · Corporate Finance · Taxation · Banking · Investments · Investment Management · Pensions & Life Assurance · Accounting · Auditing

The Joint Administrators offer for sale as a going concern the business and assets of

SHAPE TECHNOLOGY LTD

- ★ Plastic injection moulding division with:
  - — skilled and experienced workforce
  - — blue chip customer base
  - — modern N.C. machines 80 to 400 tonnes
- ★ Video cassette automatic winding and assembly line.
- ★ 3.5 inch micro floppy disc assembly line in class 100 clean room environment.
- ★ Ribbon cartridge assembly line.
- ★ 90,000 sq ft leasehold premises in Bridgend, Mid-Glamorgan.

For details, contact Mike Stevenson or Peter Yeldon on 071 637 5377 at the offices of Smith & Williamson at No. 1 Riding House Street, London W1A 3AS. Fax: 071 323 5683 Telex: 25187.

Smith & Williamson, Chartered Accountants. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

Smith & Williamson Securities. Authorised institution under Banking Act 1987. Member of BiBiO. Member of the British Merchant Banking and Securities Houses Association

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DRUCE
Hotels & Leisure International

On the instructions of Barclays Bank Plc
Mortgagees in possession

The Ochiltree House Hotel, Victoria Avenue, Shanklin, Isle of Wight

Spacious 17 bedroom Hotel, heated swimming pool/large garden. Car Park. Needs total redecoration/refurbishment.

Offers in the Region of £195,000 Ref: 3194H

On the instructions of Phoenix Brewery Plc
Mortgagees in Possession

Stiks Country Club, Brook House Binstead Road Nr Ryde, Isle of Wight.

On outskirts of Ryde comprising lounge bar, conservatory, disco area. Private Parking. Currently closed.

Offers on £95,000 Ref: 3195F

and

Ryans Disco and Club, South Street, Havant

Spacious corner property 2 disco bars, restaurant, 2 kitchens, 3 offices. 1 bed apartment. £26,000 Rental income from 2 shops.

Offers in the region of £450,000 Ref: 3174F

By order of the joint administrators P.R. Copp of Messrs Stoy Hayward and T.J. Newman of Messrs T.J. Newman

The Ocean Hotel, St. Helens Parade, Southsea, Hants

48 bed Hotel with full on licence. Sea views. Lift, conference room, 2 bars, Restaurant, Mini leisure centre, squash court, 2 spacious apartments.

Offers in the region of £900,000 Ref: 3174H

For further details contact: Donald Gill, Druce Hotels & Leisure, 38 Southgate, Chichester, PO19 1DP Telephone: 0243 774897

BANK FOR SALE

UK Bank available for sale. Shareholders' funds approximately £6 million.

For further information, PRINCIPALS ONLY, please write to:

Box H7799, Financial Times. One Southwark Bridge, London SE1 9HL

E.J. DUNELL F.C.A.
THE ADMINISTRATOR OF MULTILINK (LEASING) LIMITED
OFFERS FOR SALE
VEHICLE LEASING BROKERAGE

With existing franchised network. Turnover 89/90 £7.5 million. Highly visual business vehicle consultancy unique in this sector with opportunity to supply other products and services to expanding customer base.

Full details available from Griffin Wilson Dunell, 17/18 High Street, Bedford. Fax: 0234 360645 or Fax: 0962 866116 (Ref JAC) or Telephone 0234 349616

FOR SALE

This is a rare opportunity to acquire a long established Transport and Travel Co, based in the North West of England. It is situated on a major motorway junction, and has a 10,000 sq ft servicing and storage depot, well appointed offices, on site fuel and ample parking. Suit a party with travel or distribution interests. This firm has a superb reputation and early enquiries are invited in confidence.

Write Box H7816, Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE

Site Accommodation/Hire Company complete with 4 acre Freehold Yard. Situated in S.E. England. Good utilisation and on-going contracts.

For details write to Box H7821, Financial Times, One Southwark Bridge, London SE1 9HL

EUROPEAN REORGANISATION OPPORTUNITY

Well-established UK franchise for specialist operation in the construction industry for sale. Licenced from US holding company for work throughout the British Isles in domestic, commercial and public sectors. Turnover £500K pa.

Write Box H7802 Financial Times, One Southwark Bridge, London SE1 9HL

TELECOMMUNICATIONS COMPANY
For Sale

Call logging systems, fax, cellular & key systems.
Ongoing business with sound customer base. Main dealer/distributor. Wholesale/retail with double frontage in high street position – BUCKS.
Owner relocating in Europe. Principles ONLY apply in writing to: Box H7848, Financial Times One Southwark Bridge, LONDON SE1 9HL

ELECTRICAL CONTRACTING COMPANY

For Sale or for Investment Opportunity
Long established with secure business
Location: Southern England

Write Box H7862 Financial Times, One Southwark Bridge, London SE1 9HL

DRUCE
Hotels & Leisure International

On the instructions of

WHITBREAD PROPERTY

Three Hotels For Sale

All are prominently located with good commercial/tourist trade and regular non-residential clientele for restaurant and bar. The properties have been well maintained and furnishings and fittings are of a good standard.

THE DANEBURY, ANDOVER, HAMPSHIRE. Grade II Listed, with 2 Star rating, in the main commercial/shopping centre. • 24 en-suite bedrooms, including the honeymoon suite with four-poster bed. Function room for 100 • 60 cover restaurant and main bar • Outbuildings and large car park • Development potential subject to planning.

THE ANTELOPE, POOLE, DORSET. Extensively modernised 3 Star hotel half a mile from the station and within easy reach of the New Forest. • 21 en-suite bedrooms including honeymoon suite with four-poster bed • 50 cover restaurant with cocktail bar • Private dining room, 2 further bars, one with food servery • 2 bedroom manager's flat.

THE FOUNTAIN, COWES, ISLE OF WIGHT. Elegant Georgian building close to the Ferry and Hydrofoil Terminal in one of the world's foremost sailing centres. • 20 en-suite bedrooms • 36 cover restaurant with patio • Lounge bar • Residents' lounge • 2 bedroom manager's flat.

Offers in the region of £3.3 million are sought for the portfolio as a whole; offers for individual properties will also be considered

Final offers are required in writing by Friday 25th Jan 1991

Contact: Jeremy Hill or Denis Powl
Regency House, 107 Hagley Road, Edgbaston, Birmingham B16 8LA. Tel: 021-454 4433 Fax: 021-454 7132

William Edleston, Limited
(In Receivership)

The Yorkshire Woollen Company Limited
(In Receivership)

Manufacturers and distributors of wool and fine hair textiles.

The Joint Administrative Receivers offer for sale the cloth and scarf business and assets.

Based at Sowerby Bridge, near Halifax, West Yorkshire, the business had an annual turnover of £6.0 million for year ended 30 September 1990.

Principal features are:

- Quality product ranges based on lambswool, cashmere and cashgora cloths.
- Long-established business with international customer base, including French fashion houses.
- Modern manufacturing equipment.
- Skilled workforce of 127 employees.
- Freehold premises with ready access to M62 motorway.

Interested parties should contact: R Marsh, Price Waterhouse, 9 Bond Court, Leeds LS1 2SN. Telephone: (0532) 442044. Fax: (0532) 441401.

Price Waterhouse

FOR SALE
PLANT HIRE COMPANY

The company is based in the North of England and has the benefit of a prime leasehold site. The turnover is approaching £1 million and the company have substantial continuing contracts.

The Directors/Shareholders wish to dispose of the company to pursue other business interest and may consider disposal of the freehold premises if required. Principals only need apply giving brief particulars of own business interests.

Write Box H7857, Financial Times, One Southwark Bridge, London SE1 9HL

BUSINESSES FOR SALE

SALMON HATCHERIES AND FISH FARMS

FOR SALE

Business and assets of trading salmon hatcheries in the West Highlands of Scotland

SEA FARM (POLLY) LIMITED (IN RECEIVERSHIP)

- One of the three largest hatcheries in Europe – Potential production of 1 million smolts p.a.
- Half a million smolts.
- 79,000 salmon.
- 142 tanks with automatic feeder systems.
- Skilled management and workforce.
- Computer based accounting and fish data systems.

SEA FARM (KERRY) LIMITED (IN RECEIVERSHIP)

- Modern superior hatchery with potential production of 800,000 smolts p.a.
- 113 tanks.
- Purpose built buildings.
- Plant and Equipment.
- Skilled local workforce.

For sale either as one or separate trading units.

APPLY FOR PARTICULARS TO:
Mr David K. Hunter.

STOY HAYWARD
Chartered Accountants
JAMES SELLARS HOUSE,
144 WEST GEORGE STREET, GLASGOW G2 2HG.
TELEPHONE: 041-331 2811.

Horwath

The Joint Administrative Receivers offer for sale the business and assets of:

CLAIMJET LIMITED TRADING AS "MASTERPIECE CABINETS" JOSEPH SIMONS LIMITED CHECHIK LIMITED

The companies manufacture high quality furniture for domestic and commercial use.

- Leasehold factory and offices in Leeds
- Leasehold distribution depot and offices in Rotherham
- Substantial order book
- Well known brand names
- Skilled and semi-skilled workforce
- Comprehensive woodworking plant and equipment

For further details please contact Lynn M. Houghton, Joint Administrative Receiver, BDO Binder Hamlyn, Twenty One, Queen Street, Leeds LS1 2TW. Telephone 0532 440204, Facsimile 0532 425938.

BDO BINDER HAMLYN

Chartered Accountants

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

SEA FARM (ORKNEY) LIMITED (IN PROVISIONAL LIQUIDATION)

FOR SALE

Business and assets of a trading salmon fish farm in the Orkney Isles comprising:

- Two sea sites and a shore base
- 6 steel cages.
- 3 Polar Cirkel.
- 170,000 salmon.
- Plant and equipment including workboats.
- Skilled management and workforce.

APPLY FOR PARTICULARS TO:
Mr David K. Hunter.

STOY HAYWARD
Chartered Accountants
JAMES SELLARS HOUSE,
144 WEST GEORGE STREET, GLASGOW G2 2HG.
TELEPHONE: 041-331 2811.

Horwath

Smith & Williamson

Corporate Recovery · Litigation Support · Corporate Finance · Taxation · Banking
Investigations · Investment Management · Pensions & Life Assurance · Accounting · Auditing

The Joint Administrative Receivers offer for sale the business and assets of

MODERN HEAT TREATMENTS (LONDON) LTD

Full heat treatment facility including:

- ★ Highly experienced workforce.
- ★ 4,400 sq. ft., 99 year leasehold in Epsom.
- ★ Rental £1,100 p.a.
- ★ 8 x 5 x 4 ft. Midland gas furnace.
- ★ 3 air circulating furnaces.
- ★ Sulfinuz treatment capacity.

For details, contact Peter Mills or Tony Murphy on 071 637 5377 at the offices of Smith & Williamson at No. 1 Riding House Street, London W1A 3AS. Fax: 071 323 5683 Telex: 25187.

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SPORTS DISTRIBUTION COMPANY FOR SALE

The Company concerned is a wholly owned subsidiary of a Retail Plc, who have decided to concentrate their resources in the retail sector.

Whilst loss-making in 1990, the Company owns a number of valuable brand rights and licensing agreements, and therefore is offered for sale, in whole or part, on an ongoing basis. Turnover during 1990 was £3m.

Priority will be given to purchasers who are able to act swiftly, as opposed to the highest bidder.

Please contact Mr D Hanlon on Fax No: 0202 295306

HOTELS · CHRISTIE & CO · LEISURE · RETAIL · PUBLIC HOUSES · NURSING HOMES · WINE BARS · RESTAURANTS

Potential Nursing Home

Bury St. Edmunds/Suffolk

Substantial Tudor style mansion, covering 13,550 sq. ft.
Set in 13 acres with planning consent for 67 bedrooms.
Would suit alternative use.
For sale by informal tender.

Offers over £750,000 freehold

Contact Ipswich Office: Tel: 0473 256588. Ref 7/3519

CHRISTIE & CO

Businesses for Sale,
Corporate Acquisitions & Disposals,
Rating, Rent Reviews & Valuations

14 offices. Undertaking UK and international business.

Smith & Williamson

Corporate Recovery · Litigation Support · Corporate Finance · Taxation · Banking
Investigations · Investment Management · Pensions & Life Assurance · Accounting · Auditing

FOR SALE

PRODUCTION CLEAN ROOM FACILITY

- ★ U.S. Federal Standard 209B Class 10,000.
- ★ Size 27 x 18 metres (480m²).
- ★ Original cost £350,000.
- ★ Currently located in leasehold property but can be dismantled and relocated.
- ★ Also available, further Class 100 clean room of similar size.

For details, contact William Chamberlain on 0656 659212 or Mike Stevenson on 071 637 5377 at the offices of Smith & Williamson at No. 1 Riding House Street, London W1A 3AS. Fax: 071 323 5683 Telex: 25187.

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Smith & Williamson Securities. Authorised institution under Banking Act 1987. Member of IMRO. Member of the British Merchant Banking and Securities Houses Association

The Joint Administrative Receivers Offer For Sale The Business and Assets of the freehold properties known as:

The Aston Court Hotel and The Russell Court Hotel

- Situated in Kensington Olympia
- Aston Court - 29 Letting Bedrooms
  Russell Court - 18 Letting Bedrooms
- Recently refurbished to high standard
- Residents Liquor Licence

For further information please contact A M Grove and C J Barlow of Cork Gully, Mayflower House, 178-184 Armada Way, Plymouth, PL1 1LD, Telephone 0752 668888, Fax 0752 604108.

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Cork Gully

C.I. Caravans Ltd.

Newmarket based company responsible for the design, manufacture and sale of touring caravans including brand names Sprite – market leader in its range, Esprit and Eccles Elite, for sale as a going concern.

Key features include:–

- Turnover for year ending December 1989 £15.5 million.
- Extensive dealer network.
- Experienced work force.

For further information please contact Alan Bloom, Joint Administrator, Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU. Tel: 071-928 2000.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Hayes Shell-Cast Limited

In Receivership

Opportunity to acquire the business and assets of this long and well established foundry.

Hayes has a reputation for manufacturing quality shell-moulded, high-duty, pressure tight castings to extremely fine tolerances. Only Zircon sand is used for these shell mouldings. Hayes holds certification under BS 5750 Part II (ISO 9002). Turnover in the financial year 1989/90 was over £6.5 million.

The company operates from Lye, Nr Stourbridge, West Midlands and comprises:

- Fully equipped leasehold site with an option to purchase the freehold
- Substantial and established customer base
- Two furnaces, sand reclamation plant, inspection departments and testing equipment.

Assets available for sale include the lease, option to purchase freehold premises, stocks, fixtures and fittings and goodwill.

If you require any further information please contact either Ian N Carruthers, Administrative Receiver, or Neil Tombs at: Cork Gully, 43 Temple Row, Birmingham B2 5JT. Telephone: 021 236 9966 Telex: 337892 Facsimile: 021 200 4040

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

Cork Gully

LEISURE DISTRIBUTION COMPANY

Significant market share. Established and expanding European operations.
PBT +£1.5M.

Principals only write to Box H7852, Financial Times, One Southwark Bridge, London SE1 9HL

Bridal Outfitters

The franchise business and assets are offered for sale as a going concern by the Joint Administrative Receivers, including:–

- Leasehold retail shop in Guildford.
- Turnover in excess of £200,000 per annum
- Shop fittings
- Stock and customer orders

For further information please contact the Joint Administrative Receivers of First Retail Stores PLC, S J L Adamson, CA & A R Bloom ACA, Becket House, 1 Lambeth Palace Road, London SE1 7EU. Tel: (071) 928 2000, Ext 3320, Fax (071) 928 1345.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

PHOTOGRAPHIC PROCESSORS

The Administrator, B J Hamblin, of One Stop Photographics Limited offers for sale, as a going concern, the company's business assets and goodwill.

The company is engaged in photographic and screen-printing.

- Leasehold premises in Battersea, Oxford Street and Leicester
- Turnover c. £2.5m p.a.
- Blue chip customer base
- Established workforce

For further information please contact:
Brian Hamblin or Stephen Seabridge
Pannell Kerr Forster
Horsefair House
3 Horsefair Street
Leicester LE1 5BA
Tel: 0533 625334
Fax: 0533 620105

Authorised by the ICAEW to carry on investment business.

PANNELL KERR FORSTER
CHARTERED ACCOUNTANTS

Dorset Boardmills Limited

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of Dorset Boardmills Limited, located near Wimborne in Dorset.

Principal features of the business are:

- Manufacturing of high quality gloss printing board and recycled board.
- The COTACARD and RECARD brand names.
- Established relationships with major UK and European customers.
- Turnover of circa £6 million per annum.

For further details please contact the Joint Administrative Receiver: PS Padmore FCA, Price Waterhouse, The Quay, 30 Channel Way, Ocean Village, Southampton S01 1XF. Tel: (0703) 330077. Fax: (0703) 223473.

Price Waterhouse

BEACHSIDE IN CORNWALL

HOLIDAY VILLAGE PERMISSION

500 – 700 APARTMENTS

Plus already in operation:
• Nightclub and Entertainment Centre •
• Bars and Function Suite •

FOR SALE

Possibly what will be the West Country's leading next generation Holiday Village in this unique position on *one of Cornwall's most spectacular beaches*. Planning permission granted for a village of 500 – 700 holiday villas. Full feasibility study available. The complex already operates as a major resort centre.

Brochure package from: Dept. MG, **Domaine Leisure Ltd.** Domaine House, Kenegie Manor, Gulval, Penzance, Cornwall.
Telephone: 0736 66671 Fax: 0736 51219

The Joint Administrative Receivers, L Homan Esq F.C.C.A & F Stansil Esq F.C.A. of Hacker Young & Partners offer for sale the business and assets of: The Gordon Garage (Dulwich) Ltd

MAJOR CAR DEALERSHIP

South London main dealership trading from 2 acre freehold site in East Dulwich. Also nearby leasehold site and licence premises in Southwark. Established prominent locations with valuable petrol forecourt operations, modern showrooms, well fitted service workshops, MOT bays, Body Shops and extensive parts stores.

Gross Profit 1990: £1.68 million approx.

Ref: SMW

EDWARD SYMMONS & PARTNERS
2 Southwark Street, London Bridge, London SE1 1RQ.
Tel: 071-407 8454 Fax: 071-407 6423 Telex: 8954348
LONDON MANCHESTER LIVERPOOL BRISTOL SOUTHAMPTON

By Order of the Receiver L Homan F.C.C.A. of Hacker Young & Partners

A CENTRAL LONDON HOTEL

CLOSE TO PADDINGTON STATION

The Linden Hotel,
58-60 Leinster Square, Bayswater W2

50 bedrooms, dining room, large kitchen etc.
Good potential.

FREEHOLD FOR SALE

Ref: RC

EDWARD SYMMONS & PARTNERS
2 Southwark Street, London Bridge, London SE1 1RQ.
Tel: 071-407 8454 Fax: 071-407 6423 Telex: 8954348
LONDON MANCHESTER LIVERPOOL BRISTOL SOUTHAMPTON

The Joint Administrative Receivers L Homan Esq F.C.C.A. & F Stansil Esq F.C.A. of Hacker Young & Partners offer for sale the business and assets of Everitt W Vero & Co Ltd.

HAT, CAP & HELMET Manufacturers

Freehold Moulding Works in South London producing motorcycle safety helmets, riding caps, jockey skulls etc. All necessary B.S. & Quality Standards held. Skilled staff. Subsidiary wholesale division operating from nearby freehold premises providing stores and assembly.

Turnover 1990: £828,000 approx.

Ref: SMW

EDWARD SYMMONS & PARTNERS
2 Southwark Street, London Bridge, London SE1 1RQ.
Tel: 071-407 8454 Fax: 071-407 6423 Telex: 8954348
LONDON MANCHESTER LIVERPOOL BRISTOL SOUTHAMPTON

BOLTON EAGLE LIMITED

IN ADMINISTRATIVE RECEIVERSHIP

The joint administrative receivers offer for sale the business and assets of the above company on a going concern basis.

The company's principal activity is high quality worsted spinning.

- Turnover £11m
- Freehold property of approximately 210,000 sq feet
- Extensive unencumbered plant and machinery
- Blue chip customer base.

For further information please contact:

James Gleave or John Hall
Bank House
Charlotte Street
Manchester M1 4EU

Tel: 061-200 0297
Fax: 061-200 0343

ARTHUR ANDERSEN
ARTHUR ANDERSEN & CO. SC

Eglens Wholesale Limited
Redruth, Cornwall

The administrative receiver offers for sale as a going concern the business and assets of the above company which supplies the retail trade in Devon and Cornwall with stationery, greeting cards, summer goods, toys and games, packaging, catering and general supplies.

Principal assets include:

- Large modern leasehold premises in Redruth and Totnes
- Current turnover £¾ million p.a.
- Substantial stock
- 2000 customers
- Experienced workforce
- Attractive potential agencies

For further information please contact the administrative receiver, David Exell, of Bishop Fleming, 1 Barnfield Crescent, Exeter Devon EX1 1QY
Tel: 0392-78436 Fax: 0392 413617

BISHOP FLEMING

SEAFRONT, FALMOUTH, CORNWALL
2 HIGHLY PROFITABLE HOTELS ON MAJOR 3.5 ACRE DEVELOPMENT SITE
(AVAILABLE AS A WHOLE OR IN LOTS)
ST. MICHAEL'S & FALMOUTH BEACH HOTELS.

137 en suite bedrooms excellent public rooms & leisure complex. £612,375 profits on net T/O £1,931,122 Y/E 31.10.90 under management.

Associated properties include annexes & former inn. Outline planning permission includes letting bedrooms, conference centre, leisure complex with swimming pool, 4 rink bowls centre, residential apartments & parking.

FOR SALE FREEHOLD
ROBERT BARRY & CO TEL: (0285) 641642

DIVERCO
Sell Companies Nationwide

SELLERS and BUYERS
Contact in confidence:
DIVERCO LTD.
4 Bank Street,
Worcester WR1 2EW.
Tel: 0905 22303

FOR SALE
REGIONAL BREWERY WITH SUBSTANTIAL PUB PORTFOLIO

Full details box H7851,
Financial Times,
One Southwark Bridge,
London SE1 9HL.

We are pleased to offer an opportunity to acquire all or part of a Group designing and manufacturing materials handling equipment systems. T/O £11 million. Management to remain.

Write for further information to: Cheviot Asset Management Limited, Devonshire House, 146 Bishopsgate, London EC2M 4JX

Cheviot Asset Management Limited is a member of The Securities Association.

ART GALLERY FOR SALE
PHONE CHICHESTER
(0243) 786063

FOR SALE

STAINLESS STEEL STOCKHOLDER AND PROCESSOR

T/O £1.2M PBT £75K. NBV £240K
Good customer base.
Located North of England

Write Box H7785 Financial Times, One Southwark Bridge, London SE1 9HL.

FOR SALE

Prestige chain of video rental shops with 8 primary locations in the Fulham, Chelsea, South Kensington areas.

Current annual turnover approx £530,000. Solid leashold asset base.

Please write Box H7833 Financial Times, One Southwark Bridge, London SE1 9HL.

REST HOME FOR ELDERLY

A well established Rest Home in Lincs. registered for 24 residents. Presently 50% occupancy as Rest Home. Planning permission granted for 30 bedded Nursing Home. Excellent potential as Nursing Home. A quick outright sale required. Will consider joint venture.

OIRO £340,000

Please write to Box No: 7863 Financial Times, One Southwark Bridge, London SE1 9HL.

FOR SALE
Plastic Trade Moulder

Located in the West Midlands the company has a turnover in excess of £2.5m with adjusted profits of just under £200k. The company occupies modern freehold premises with up-to-date plant ranging from 23 to 800 tonnes. The Directors' and Management believe that their company can be best served by being part of a larger organisation.

Write to Box H7855, Financial Times, One Southwark Bridge, London SE1 9HL.

The Joint Administrative Receivers offer for sale the asets of the

KINGSTON CRAFTSMEN GROUP OF COMPANIES,

comprising the plant, machinery and stocks of the following businesses:

- Structural timber engineering
- General joinery-manufacturing and installation
- UPVC double glazing manufacure and installation

The group has traded from two sites in Hull (89,000 sq feet) with good access to the M62 and Motorway network. Annual turnover of £4 million with approximately 65 employees.

For further details please contact D J Waterhouse of Coopers & Lybrand Deloitte, 5 Albion Place, Leeds, LS1 6JP. Telephone (0532) 455186, Fax (0532) 434567.

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Coopers & Lybrand Deloitte

CHESHAM.
BECAUSE YOU ONLY SELL YOUR BUSINESS ONCE.

And we have the buyers.

CHESHAM AMALGAMATIONS
The first name in merger broking.

Chesham House, 2 Bentinck Street, London W1M 6JX.
Telephone: 071-935 2748
FIMBRA

STORMSEAL

(In Receivership)

Offers are invited for the businesses and assets of the companies listed below, which together comprise the third largest replacement window operation in the UK.

Stormseal (uPVC) Window Co Limited

Based in Bury, Lancashire, this company manufactures and sells uPVC windows and doors directly to the public.

- Freehold factory and offices in Bury and elsewhere
- Direct selling sales force
- 30 branches throughout the country
- Commercial contract division
- Turnover £40 million pa

For further details contact the Joint Administrative Receivers, Allan Griffiths or Malcolm Shierson at: Grant Thornton, Heron House, Albert Square, Manchester M2 5HD. Tel: 061-834 5414 Fax: 061-832 6042.

Brite Lite Windows and Conservatories Limited and Fieldhurst Southern Limited t/a Brite Lite

Based near Maidstone, Kent, the business sells uPVC and aluminium replacement windows, doors and conservatories directly to the public.

- Leasehold installation depots and 12 showrooms
- Substantial order book in excess of £2 million
- Established telesales operation
- Turnover £10 million pa

For further details contact the Joint Administrative Receivers, Allan Griffiths or Maurice Withall at: Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP Tel: 071-383 5100 Fax: 071-383 4715

Premier Profiles Limited

Based in Doncaster, South Yorkshire, this company extrudes uPVC profiles for the window industry.

- Freehold factory and offices
- Modern automated plant and machinery
- Large customer base
- Turnover £8 million pa

For further details contact the Joint Administrative Receivers, Allan Griffiths or Geoffrey Gee at: Grant Thornton, 28 Kenwood Park Road, Sheffield S7 1NG Tel: 0742 553371 Fax: 0742 500294

Stirfront Limited t/a Stormseal Warmlife

Based in Witham, Essex, this company manufactures and sells aluminium and uPVC replacement windows, doors, conservatories and greenhouses directly to the public.

- Leasehold manufacturing facility
- Established product range
- Commercial contract division
- Turnover £10 million pa

For further details contact the Joint Administrative Receivers, Allan Griffiths or Andrew Conquest at: Grant Thornton, Crown House, Crown Street, Ipswich, Suffolk IP1 3HS Tel: 0473 221491 Fax: 0473 230304

Danum Windows Limited

Based in Doncaster, South Yorkshire this company manufactures and sells uPVC replacement windows and doors directly to the public.

- Freehold factory in Doncaster
- Modern automated plant and machinery
- 12 branches throughout the country
- Turnover £20 million pa

For further details contact the Joint Administrative Receivers, Allan Griffiths or Geoffrey Gee at: Grant Thornton, 28 Kenwood Park Road, Sheffield S7 1NG Tel: 0742 553371 Fax: 0742 500294

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Shape Health Studios and Spa (Brighton) Limited
Shape Heath Studios (Hove) Limited
in receivership

Both Trading as "Shape Heath Studios"

The Joint Administrative receivers offer for sale the business and assets of the above companies on a going concern basis which include:

- Freehold property in Brighton including swimming pool
- Leasehold property in Hove
- Turnover in excess of £519,000
- Membership in excess of 3,000
- Fully equiped health studios

Contact Chris Ashurst or John Powell

37 Frederick Place
Brighton
East Sussex BN1 4EA
Tel: 0273 206788
Fax: 0273 820901

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Two pianists

WIGMORE HALL

Between them, on Thursday and Friday, Angela Hewitt and James Kirby delivered Beethoven's opp. 26 and 27 from 1801. Miss Hewitt played the A-flat sonata which constitutes the former, and also the "Moonlight" *sonata quasi una fantasia*, op. 27 no. 2; Kirby, its very different companion-piece in E-flat. Yet there were scarcely any points of direct comparison between their recitals.

Kirby's was his London solo début – he is just going on 25, though he surfaced in the BBC "Young Musician of the Year" competition in 1982, and has recently been studying and performing in Russia. Obviously his programme was designed to show his range, and it did that quite strikingly. He began with Mozart's great A minor Sonata, K. 310, sustaining its air of frenetic passion while respecting the boundaries of 18th-century style. His Beethoven was characterised with no less energy. Though he might have marked structural points more firmly, both sonatas fairly bristled with lively ideas.

In Prokofiev's big, baleful Sixth Sonata, Kirby's Russian training was an evident asset: a bold spectrum of colour and feeling, confident keyboard-attack and control. He lavished sympathy on Peter Lawson's new "Song of the Dark Red Helleborine", an addition to a long series in which Lawson aims to do for wild orchids of the British Isles what Messiaen has done for birds (and in unabashedly similar terms).

Best of all were the *Valses nobles et sentimentales*, where Kirby combined an unerring grasp of Ravel's idiom with great flair and imagination. This is a pianist whose development should be well worth tracking.

Miss Hewitt is already much admired as a Bach pianist, and has also won her spurs in Ravel. She likes one-composer programmes. This time she played Beethoven exclusively – but not, I thought, to entirely confident effect.

In the op. 26 sonata with which she began, a dryish touch (and very frugal use of the pedal) did little for Beethoven's lyrical line, nor did her unyielding metronomic rhythm help. One couldn't help thinking that this was Beethoven by a Bach specialist. Her account of the "Moonlight" was conventional but for a decidedly swift first movement (it *is* marked "Adagio sostenuto", after all) – no special insights justified this performance of an over-familiar work.

As one hoped and expected, the "Eroica" Variations and Fugue and the "Appassionata" Sonata suited her much better. Her sturdy sense of structure came into play, and there was even some wit in the Variations, if not much of the lusty comedy they invite. Her "Appassionata" was solidly purposeful, again along well-tried lines, and yet without any special sheen; to say that it sounded rough-and-ready would be only slightly unfair.

Despite her sterling virtues in other music, Miss Hewitt has some way still to go with Beethoven.

David Murray

An unsung talent

William Packer on Sheila Fell at the RA

Two current exhibitions celebrate artists who died too soon and whose work has been largely neglected in the interval. *Sheila Fell: A Retrospective*, a touring exhibition organised by the South Bank Centre, comes to the Royal Academy from its first showing at Salford (until January 20: then on to Ayr, Kendal, Eastbourne and Jarrow). And *A Hymn to Love: The Art of Jane Urquhart*, is at the Cheltenham Art Gallery & Museum (until January 26).

Sheila Fell died in 1979 at the age of 48 as the result of an accident at home. She had been elected A.R.A. ten years before and by the time of her death was already a full Academician of some six years' standing. Even so, to say she was exactly well established would be a little misleading. The Academy apart, she was unrepresented by any major London Gallery, indeed had hardly shown in London since the closure of the Beaux Arts Gallery in the mid 1960s. All that, perhaps, was about to change, for the New Grafton Gallery had lately shown her, and change in any case was in the air – but all too late.

To look back now, both at her work itself and the position she occupied, in the knowledge of the subsequent development of British painting and the shifts in critical attitudes towards it, is to be poignantly aware of what might have been. Then she was still, in critical terms, a marginal, even parochial figure in the context of the conceptual and abstract orthodoxies of international painting in the 1970s, and the awful vapidities of conventional post-modernist and neo-figurative expressionism still to burst upon us. Now, with that market-led enthusiasm for such heroes as Schnabel and Salle, Haring and Clemente, Penke and Baselitz exposed for the equivocal compliment it was, real painting has again come into its own, with the contribution of older British artists at last rightly placed high within it.

The case for such artists as Auerbach, Freud and Kossoff, each in his way set in the profound tradition of European expressionism, has by now been well made. But there must be many, especially in the ranks of those younger British painters who have been encouraged to think they have discovered the figurative image and thick paint for themselves, to whom the work of Sheila Fell comes now as a revelation.

She was always a landscape painter, but never of the close and objective scrutiny and immediate record variety. Rather it was that her experience of the landscape was necessarily removed, transfigured and distilled in her imagination, a thing of memory and deep association. In this she was quite as much a romantic and a symbolist as an expressionist. If her working of the surface of the canvas and, in the imagery, her obvious reference to the everyday life of the field and village, might look to Van Gogh in his practical aspect, to Permeke or early Mondrian, the more transcendental and spiritual qualities in her work call to mind artists as various as Chagall and Soutine, Samuel Palmer and Millet and, of course, Van Gogh again, the visionary.

This is a big league and we must be careful not to exaggerate her claim, but all true artists set themselves against a true measure, as they see it, and such comparisons are properly more humble than impertinent. Miss Fell made the point herself: "One has one's family of artists around one. The people whose work one loves. It's like sitting in the kitchen at home, only instead of relatives one has the paintings of Cézanne, Daumier, Van Gogh, Permeke."

She was born in 1931 in Aspatria, a village in Cumberland not far from the sea but close under the hills. Though she moved to London in the late 1940s, where she studied, at St Martin's, and based herself there for the rest of her life, returning only occasionally to Cumberland, it was always the landscape of home, the remembered landscape of dark hills and lowering skies, bleak fields and huddled villages, that was her constant subject. It was something she made entirely peculiar to herself, immediately recognisable and quite unmistakeable.

The palette is dark, olive, ochre, grey, and the tone pitched low. "Cumberland is very dark", she said, "but being dark it is also brilliant." Figures move through the very paint itself, not so much intruding upon the landscape as of its very being, as much part of it as the stones themselves. As in the work of her friend Lowry, another artist much misrepresented and misrated, the image is of a place active and inhabited, at once real and credible and figment of the creative imagination. "I do not want to be thought of primarily as a landscape painter", she wrote. "I hope that the nearby community is implicit in my landscapes . . . A painter can be rooted in reality, but by his efforts transcend it. Or he can be rooted in his dream but lean out of it towards reality. The greatest artists have both these qualities . . ."

Jane Urquhart died in 1983 at the age of 36, having suffered a mental breakdown as a schoolgirl from which she never really recovered. She hardly painted at all in her last ten years, the body of her work being concentrated upon the five years or so of her early twenties, and some of the more ambitious symbolic compositions have since been lost. But what remains of it would seem to be remarkable, in particular the still lifes of fruit, and dolls tied up with string, realised with an almost hallucinatory intensity. If I get half a chance to see the show, I shall take it to report on expectation either satisfied or disappointed.

Sheila Fell's 'Portrait of Anne Fell', 1958

Cornet Rilke

MANHATTAN SCHOOL OF MUSIC

The Manhattan School maintains the standards of adventurous, imaginative opera that were set when John Crosby (of the Santa Fe Opera) was its president. Its latest production – the American première of Siegfried Matthus's *The Lay of Cornet Christoph Rilke's Love and Death* – is the most exciting thing that has happened onstage here since the City Opera's *Moses and Aaron*.

The text is the composer's arrangement of Rainer Maria Rilke's famous poem – vignettes of military life, leading to a night of love followed by an heroic death as the Cornet bears the regimental banner into the heart of the foemen and falls beneath their scimitars. The hero – a 17th-century ancestor of the poet – is a dashing young Cherubino gone to war, defending his country against the Turks. The opera was composed for the reopening of the Dresden house, five years ago, and has been widely played in Germany.

It's not easy to stage; Matthus leaves much to the producer, simply writing lines of the poem into the score as they were stage directions. In eight pages of very exciting music, the Cornet must wake in a blazing castle, seize his banner, make his way through blazing hallways, leap to horse, gallop into the fray, be surrounded, fall. Linda Brovsky and Miguel Romero, the producer and the designer, did not attempt to show *all* this literally, but they caught its sense in an imaginative, economical, and very striking production.

Matthus divides the title role between two mezzos, one giving voice to his words and the other to his thoughts. The mysterious, anonymous countess, his first – and last – love, is similarly played by two sopranos. The love duet is a rapturous stretch of four high voices entwining. Christine Abraham and Lisa Livingston, the mezzos, and Nina Warren and Anoosh Barclay, the sopranos, were all fine young singers. But the biggest role in the opera is that of the chorus – which is, in effect, Matthus's main orchestra, composed for through a wide range of textures and colours, in up to 16 parts. The Manhattan singers, trained by Gary Wedow, sang with a security and eloquence one had hardly dared to hope for.

In the pit there is an unusual orchestra: four flutes, two harps, solo horn (splendidly played by Sara Della Porta), electric bass guitar, and three percussionists. Much of the time *Cornet Rilke* is a chamber opera; it swells into "grand opera" when the chorus is in full cry, the percussion crashes, and military signals ring out from the horn. Matthus writes tellingly and gratefully for voices and brilliantly for instruments.

A special knapsack edition of Rilke's poem accompanied young Germans to the 1914-18 front, inspiring them with visions of glorious death in defence of the Fatherland. Matthus sounds all the romance of the poem (more fully, I think, than Frank Martin did in his song-cycle setting), but he finds no "glorification of heroic death" here – rather, "the tragedy of a youth who . . . runs blindly to his death." This opera for Dresden begins with another Rilke poem, from the *Buch der Bilder*, about a blazing theatre and the destruction of those within it; and then the Cornet's adventures are framed within a powerful Dies irae.

The Dresden Raid – Matthus has called it "Germany's Hiroshima" – was 45 years ago, but people both British and German still bear its scars. In a country whose leader seems to be trying to prepare people to support a new war, this production of *Cornet Rilke* gained new urgency. It is serious, stirring and beautiful.

Andrew Porter

Fall of communism throws up culture crisis

Betty Caplan visits the 'Points East' festival in Glasgow

In the past 45 years, *Hamlet* has become almost an obsession in Eastern European theatre, and listening to a unique gathering of artists, performers, administrators and critics at Glasgow's Third Eye Centre recently one could begin to see why. This organisation has played a pioneering role in bringing East and West together: a conference on the role of the arts was accompanied by performances and an exhibition entitled "Expressions" which runs until February 10.

Like the young prince caught between two eras, the countries represented at the "Points East" festival have not quite shaken off the vindictive ghosts of the past. "Give Me Back the Enemy" sang Jill Dedecek, Czechoslovakian poet and songwriter. The years of repression at least offered a clear monolithic opposition and theatre, which thrives on metaphor, elaborated a whole system of double-speak in which audiences took great pleasure in reading between the lines.

Now that the "Father" has gone, a vacuum has opened up. East German playwright, Heiner Muller, speaking at the ICA last year remarked that Marxism, with all its faults, was at least a utopian ideology, the secularisation of the Christian dream. Consumerism is ill-equipped to take its place. "Theatre is a space for dreams. Communism has been discredited for generations. People who don't dream go mad," he warned.

Ironies abound. Now that artists no longer need to speak in code and are free to shout in the streets, perhaps no-one wants to listen. Janus Marchk of the Studio Arts Centre in Warsaw said, "The arts have lost political function and social importance. The aesthetics have not changed yet. There is a lack of a middle class, which is normally the main consumer of culture." The paternal ghost may have been a tyrant, but he did at least consider art a necessity and saw that his children were materially cared for.

Now the state is withdrawing, artists unused to "fighting their corner" are having to learn new skills. Michael Trizuljakova, of the Slovakian Parliament of Culture outlined new economic legislation which would have crippling consequences for artists who now find themselves having to pay 20 per cent increases in social security, though pressure has succeeded in allowing them to be introduced gradually. Studio rents have risen in some cases by ten times and tax privileges are being withdrawn.

Many Eastern countries have idealised the West. Again and again at the conference there were calls for help with practical details – managerial and negotiating skills, copyright law, author's rights, typography, methods of establishing smaller, non-bureaucratic structures (as though we had solved all these problems). Peter Prescott, Director of Arts at the British Council, said drily, "We can offer you our tradition of scepticism," and Sandy Nairne of the Arts Council re-assured visitors that "We are as bad at capitalism as you were at communism."

In many countries there is a desperate need for books and information and it is hardly surprising that a somewhat explosive sexual revolution seems to be taking place alongside the economic and political changes. A new European theatre quarterly edited in Ljubliana recently invited me to write about sex on the English stage. "People taking their clothes off, that kind of thing. It's unheard of here!".

One of the key needs in the immediate future will be for first-rate translators – an art which has hitherto been regarded as something of a handmaiden. Donald Pirie pointed out that poor translations had ruined the reputation of many an excellent writer.

Although a hard currency curtain seemed to be rapidly replacing the Iron one of yore, there are encouraging examples of innovation. In Serbia, large state publishers are struggling to survive, but smaller private ones are sprouting, managing to subsidise the publication of such rarities as the plays of Aeschylus and Euripides by selling quantities of more commercial titles. In Romania, freelance director Faynia Williams discovered a theatre company which had developed a sideline in making coffins to supplement its income, and another which had opened up an amusement arcade in the basement.

And although Joszet Tornai, chair of International Pen Budapest bemoaned the death of poetry in a country where that art has traditionally been revered, Peter Oslzly, Czechoslovakian theatre director, insisted that crying was "not constructive. Culture is internal, it requires our own support. The current situation provides us with our greatest test."

What seems most important of all is to remove our own barriers, most dangerous of which is to regard our colleagues in the East as beggars. Richard Demarco, Edinburgh gallery director and for many years a passionate promotor of art from Eastern Europe, emphasised that it was necessary to "resist Western European methods of art promotion and selling which reduce all art works to marketable objects." Our own funding policies need to be restructured in order to encourage risk-taking, experiments and the development of spiritual dimensions. We could learn from Poland where art flourished within a system which did not insist on the profit motive

Brendel shares his thoughts

MUSIC SOUNDED OUT
by Alfred Brendel
Robson £16.95, 258 pages

Alfred Brendel's latest collection of essays, lectures and interviews follows an almost identical pattern to his 1976 anthology *Musical Thoughts and Afterthoughts*. It begins with substantial sections devoted to those composers who have always formed the hard core of Brendel's repertoire: to the Viennese classics, Beethoven, Schubert and, after a short but characteristically detailed discussion of Schumann's *Kinderszenen*, to Liszt. From these specialised studies of individual composers he moves on to more general topics such as the case for live recordings, programme-building, a tribute to the conductor Wilhelm Furtwängler, Bach on the piano, and a lively debate with the pianist Artur Schnabel (who died in 1951), conducted by means of an interview with Schnabel's biographer Konrad Wolff.

Some of the essays are rigorously technical, lavishly illustrated with music examples, taking for granted a high level of musical knowledge and perhaps read most profitably with the relevant scores to hand. But just as Brendel never underestimates the ability of his readers to follow and absorb the most complex, strictly musical arguments, so even at their most technical his explorations are permeated with flashes of sudden illumination which not only set the mind thinking but which present seemingly familiar ideas in a totally new light.

In summarising the differences between Haydn and Mozart, or what he identifies as an antithesis between, among other things, instrumentally and vocally inspired music, motif and melody, startling caesuras and seamless connections, daring and balance, he goes on to show how "from tranquillity Haydn plunges deep into agitation, while Mozart does the reverse, aiming at tranquillity from nervousness." Picking up the same thread in a lengthy examination of the comical in music he argues that, whereas Mozart surprises us with the expected, it is in the surprise of the unexpected that Haydn excels.

Why does classical music lend itself so readily to comic effects? Because "it seems to me to reflect, in its solid and self-sufficient forms and structures, the trust of the Enlightenment in rational structures that rule the universe". And following on from there, examples from Haydn, Mozart and Beethoven are analysed in cunning detail to illustrate the proposition that the comical and grotesque in music are the product of a deliberate breaching of firmly established order and instantly recognisable conventions. Any pianist, he writes, who has not succeeded in making somebody in his audience laugh at the end of Beethoven's G major Sonata Op.31 no.1 should become an organist.

The title of the first essay, "A Mozart Player Gives Himself Advice", might be applied, with the loss of just one word, to the book as a whole. For, constantly informed by a mature strain of sceptical self-doubt and "frequently motivated by self-help", his concentrated probing of the compositional and interpretative problems in a Haydn, Beethoven or Schubert Sonata, or Liszt miniature, his arguments with Schnabel on matters of phrasing, tempo and rhythm, allow us to observe at close quarters the complicated thought processes that go into a typical Brendel performance. He can be provocative and severely critical, and not everybody will agree with some of his conclusions. But, as he says, his essays are not meant to be oracles but should be regarded more as works in progress, which, like musical performances, continuously call for fresh insights and improvements. And as he is a man of uncommonly wide interests, those insights and suddenly revealing analogies might just as often be drawn from literature, painting or architecture as from music itself.

Robert Henderson

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ BARCELONA

Gran Teatre del Liceu 21.00 Theo Alcantara conducts Pagliacci with Jose Carreras as Canio and Respighi's Maria Egiziaca with Monserrat Caballe (412 1468)

■ BERLIN

MUSIC
Staatsoper unter den Linden 19.30 Nicolai's Die lustigen Weiber von Windsor (2004 762)
Komische Oper 19.00 Harry Kupfer's German-language staging of Cosi fan tutte (2292 555)
DANCE
Deutsche Oper 18.00 Ring um den Ring, joint production by Deutsche Oper and Béjart Ballet Lausanne, Wagner's music choreographed by Maurice Béjart. Repeated tomorrow (3410 249)
THEATRE
Berliner Ensemble 19.00 An evening of Kurt Weill (2827 712)
Deutsches Theater 19.30 Der Lohndrucker by radical east German playwright Heiner Muller (2871 225)
Schaubuhne 19.30 The Winter's Tale directed by Luc Bondy, designed by Erich Wonder. Also Wed, Fri, Sat (890023)
Schiller Theater 20.00 Liebe Macht Tod, adaptation of Romeo and Juliet by Thomas Brasch (3195 236)

■ BRUSSELS

Palais des Beaux Arts 20.00 Les Violons du Roy play symphonies and concertos by Mozart (507 8200)

■ COLOGNE

MUSIC
Philharmonie 20.00 Jiri Belohlavek conducts music by Lubos Fiser, Mozart and Dvořák with the Gurzenich Orchestra (2801)
Opernhaus 19.30 Offenbach's Ritter Blaubart (221 8400)
THEATRE
Schauspielhaus 19.30 Teatro del Carretto, Lucca, in Italian-language staged version of Homer's Iliade. Runs till Sat (221 8400)

■ DRESDEN

Semperoper 19.00 Der fliegende Holländer (4842 731)

■ FRANKFURT

Weissfrauenkirche 20.00 Music by Rheinsberger, Handel and Holler sung and played by members of the Frankfurt Opera ensemble (236061)

■ GENEVA

Grand Theatre 20.00 Concert performance of Daphne conducted by Christian Thielemann, with Lucia Popp in the title role, Paul Frey as Apollo and Claes Ahnsjo as Leukippos. Also Thurs and Sat (212311)

■ HAMBURG

Philharmonie 20.00 Neville Marriner conducts Hamburg State Philharmonic Orchestra in Mozart's Symphony No 32 and Elgar's Enigma Variations, with Christian Zacharias soloist in Mozart's Piano Concerto No 16 (351555)
Staatsoper 19.00 Hansel und Gretel, also tomorrow and Fri (351555)
Deutsches Schauspielhaus 19.30 First German staging of Ayckbourn's Man of the Moment, also tomorrow and Thurs (248713)

■ LONDON

MUSIC
Coliseum 19.30 Graham Vick's production of Madam Butterfly, with Arthur Davies as Pinkerton and Alan Opie as Sharpless. Also Fri (836 3161)
Queen Elizabeth Hall 18.00 The Ring Saga Part One, reduced version of Wagner's Tetralogy by City of Birmingham Touring Opera. Part Two on Thurs (928 8800)
Barbican Centre 19.45 London Philharmonic conducted by Leon Botstein give UK premiere of Richard Wilson's First Symphony, also Brahms First Symphony and Joachim's Violin Concerto (638 8891)
DANCE
Covent Garden 19.30 Royal Ballet production of The Nutcracker conducted by Mark Ermler, with Darcey Bussell and Stuart Cassidy in principal roles. Also Thurs (2401066)
Royal Festival Hall 19.30 English National Ballet production of The Nutcracker. Runs till Sat (928 8800)
THEATRE
This week's shows include: Pinter's The Homecoming directed by Peter Hall, with Warren Mitchell and Cherie Lunghi (Comedy, previews). Also The Wind in the Willows directed by Nicholas Hytner and Brian Cox as King Lear (National), Ingmar Bergman's Scenes from a Marriage (Wyndham's), Vanessa, Lynn and Jemma Redgrave in Three Sisters (Queens). Anouilh's The Rehearsal (Garrick), Joan Collins in Private Lives (Aldwych), Miss Saigon (Drury Lane), Andrew Lloyd Webber's Starlight Express, Aspects of Love and Phantom of the Opera, Ayckbourn's Man of the Moment (Globe, closes Sat) and Absurd Person Singular (Whitehall).

Phone Theatreline for seat availability: Plays 0835 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ MUNICH

MUSIC
Staatsoper 19.00 Un ballo in maschera with Aprile Millo and Peter Dvorsky. Also Thurs (221316)
Philharmonie 20.00 Munich Philharmonic Orchestra conducted by Uros Lajovic play Mahler's First Symphony and Tchaikovsky's Violin Concerto (48098 614)
THEATRE
Prinzregententheater 20.00 Moliere's L'ecole des femmes (225754)

■ NEW YORK

DANCE
New York State Theatre 20.00 New York City Ballet programme includes Souvenir de Florence and Balanchine's Mozartiana (870 5570)
MUSIC
Metropolitan Opera 20.00 Thomas Fulton conducts Faust with Cheryl Studer, Gino Quilico, James Morris and Neil Rosenshein. Also Sun (362 6000)
THEATRE
This week's shows include: Assassins, new musical by Stephen Sondheim (Playwrights Horizons), City of Angels, musical about Hollywood in the 1940s by Larry Gebhart (Virginia), Black and Blue, an evening of classic jazz and blues with tap dancing (Minskoff), Monster in a Box, one-man show by Spalding Gray (Lincoln Center) and Six Degrees of Separation, new play by John Guare (Lincoln Center). Ticketron (239 6200) answers inquiries and sells tickets

■ PARIS

MUSIC
Opera Bastille 19.30 Gabriele Ferro conducts Le nozze di Figaro with a cast led by Ferrucio Furlanetto and Ruth-Ann Swenson. Also Fri (4001 1616)
Théâtre des Champs-Elysées 19.30 Leningrad's Maly Theatre in Rimsky-Korsakov's The Golden Cockerel (4720 3637)
TMP-Chatelet 19.00 Hermann Prey sings Schubert (4028 2840)
DANCE
Théâtre de la Ville 20.30 Triton, new ballet by Philippe Decoufle Company till Sat (4274 2277)
THEATRE
Comedie Française 20.30 Le Barbier de Seville by Beaumarchais (4366 4360)

■ ROME

Teatro dell'Opera 20.00 Tosca conducted by Daniel Oren, with Raina Kabaivanska in the title role. Also Fri and Sun (463641)

■ VIENNA

Staatsoper 17.30 Tristan und Isolde conducted by Peter Schneider, with Hildegard Behrens and William Johns.
Fri: Rene Kollo sings Tristan (51444 2960)
Volksoper 19.00 Der Graf von Luxemburg (51444 3318)

Telephone sales of tickets for the Staatsoper and Volksoper are available worldwide for holders of credit cards by ringing Vienna 5131 513

■ WASHINGTON

Eisenhower Theater This month's performances of King Arthur and Die Zauberflöte are sold out

■ ZURICH

Opernhaus 19.30 La Sylphide choreographed by Peter Schaufuss (251 0909)
Tonhalle 20.15 Claus Peter Flor conducts Tonhalle Orchestra in a programme of Janáček, Haydn and Mendelssohn, with Martha Argerich. Also Wed, Thurs, Fri (201 1580)

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A five minute business briefing broadcast three times between 0700 and 0800
2130 (Wed only) Financial Times Business Weekly - the latest business round-up.
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0900-0930 World Business Tonight - a joint FT/CNN production.
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Tuesday January 8 1991

The politics of the Gulf

PRESIDENT Saddam is unlikely to withdraw from Kuwait while he believes that he can survive without doing so. This is the logic behind America's insistence, repeated once more in London by Mr James Baker yesterday, that if there is no withdrawal by next Tuesday Iraq will be forced out. "We have been making the point over and over that this deadline is real," said the US secretary of state. "The only real chance for peace is if Saddam Hussein begins to understand that . . . we are serious."

The message has been reinforced by the British prime minister, Mr John Major. His statements have been quite as firm as any coming from the White House. The same cannot be said of France and Germany. Chancellor Köhl and President Mitterrand both support the United Nations resolutions on the Gulf, but not necessarily the US strategy for implementing them. This is a pity. To the extent that they diminish the Iraqi president's apprehensions, or feed his hopes, talk in Bonn or Paris of this or that subtle inducement to do a deal actually increases the likelihood of war.

The same is true of the prevarications proposed by some Democrats in the US. The doves have argued on two grounds: that President Bush cannot declare war without first winning the consent of Congress, and that sanctions have not been given enough time in which to work. Neither argument is without merit, but to the extent that either seems likely to act as a constraint on the use of force, the Bush-Baker strategy of trying to frighten Mr Saddam out of Kuwait is damaged.

Domestic politics

This is appreciated by a number of Democrats, but the bulk of them have been preoccupied by domestic politics. They do not want to be seen to support a venture that could go wrong.

They have any opposition's right to say what they please; they have used it to ask that diplomacy and sanctions be given time in which to effect a peaceful resolution of the crisis. They are against the invasion of Kuwait, of course, but they do not wish to be too closely associated with the president. This period of having their cake and eating it may come to an end quite soon, particularly if Congress is confronted with a resolution authorising force in the words used by the UN security council in November. The feeling in Washington is that if there is such a debate during the coming seven days Congress will be fairly evenly divided, but the president will get his backing. The Democrats can afford no other outcome, if they want to avoid the charge of a lack of patriotism.

Labour party

Domestic politics have also had their effect on the British Labour party. So far, Mr Neil Kinnock, the Labour leader, and Mr Gerald Kaufman, the shadow foreign secretary, have stoutly defended the UN resolutions. They have taken the decision, courageous in internal Labour terms, necessary in the run-up to a general election, that they will not be campaigners for peace, but support the use of force if necessary. Their insurance against being associated with a possible disaster has been a close adherence to the letter of the UN texts.

Now the Labour party is showing signs of strain. Its natural inclination is to recoil at the sight of US armies, and sue for peace where possible. The unity maintained so far by the skilful Mr Kinnock may have survived the Christmas break, but it is in need of patching up. This may explain the decision by Mr Kaufman to suggest in an article in yesterday's Guardian, that "five months and 13 days – the period between the invasion and Tuesday of next week – cannot convincingly be argued to be the maximum time for sanctions to be given a chance". The Labour spokesman said nothing new; he can rely on a trail of texts and speeches laid with great care over the past few months. But when parliament resumes the Conservatives may reasonably seek to call Labour's bluff, and ask them to show by their votes just what the party does support. Labour is as anxious as the Democrats to demonstrate its patriotic credentials. Let the prevaricators squirm.

Moral hazard in New England

THE collapse of the Bank of New England at the weekend had been anticipated for so long that the event itself caused few ripples, either in the markets or among depositors. That must be precisely what the authorities wanted. The US banking system, particularly in New England, is so fragile that the failure of any institution could cause widespread damage. The bank is now in the hands of the US government, and the depositors are being paid off.

The intervention was efficiently handled. None the less, the methods used by government do not bode well at a time when Washington has embarked on its potentially historic debate about banking reform. The authorities are not only paying out insured depositors up to the $100,000 legal limit, but also the uninsured depositors with balances above this level. This additional act of generosity, which will cost the taxpayer $2.3bn, is being justified by the need to protect the stability of the banking system and spare the hard-pressed New England economy any further strain.

While the anxieties of the banking regulators are understandable, this generosity flies in the face of the debate about the need for a more rigorous form of deposit insurance in the US. It was only through the markets' self-evidently well-founded expectations of a total bail-out that the Bank of New England managed to survive as long as it did. Those expectations have now been reinforced, to the benefit of other weak banks, whose early departure from an overpopulated and stricken industry would almost certainly be in the public interest.

Incentive removed

The generous scale of US deposit insurance has played a considerable part in bringing the banking crisis to its present pass. By providing depositors with total protection against loss, it removes any incentive for them to form judgments about the creditworthiness of banks. All they need to do is to seek the highest return. This encourages lax bank management (or worse), and exposes the insurance system to widespread abuse. The bad habits bred by excessive official protection are the result of a well-known trap, known as "moral hazard", which is the incentive for irresponsible behaviour created by insurance.

In this case, the authorities have further enlarged the hazard by opting for a comprehensive rescue, a course normally justifiable only on the grounds that a collapsing bank poses a threat to the country's financial system. Despite the importance of the Bank of New England to the local economy, its demise posed no such threat. It is highly unfortunate that regional considerations have now been added to the growing list of concerns which seem to justify expensive intervention from Washington. In this way the threshold of banks "too big to fail" has been lowered to include the country's 33rd largest institution.

Cost of failure

The authorities no doubt believed they were serving the public's best interest in acting as they did, but this view may well turn out to be short-sighted. The cost of allowing the Bank of New England to fail – though considerable – would almost certainly have been smaller and more localised than the damage which the rescue will now do to discipline in the banking industry and to healthy depositor attitudes at a national level.

As Congress considers ways of reforming banking regulation and deposit insurance, it should seek systems which encourage rather than inhibit discipline. This could be done by exposing the depositor to greater risk (for example by offering only partial insurance) or by placing greater responsibility on bank managements (by linking the cost of a bank's insurance premiums more closely to its performance). Unfortunately, it seems unlikely that proposals such as these will receive serious consideration because the concept of total insurance is deeply rooted in the US banking system – as this weekend's events have demonstrated. As a first step, Congress must be persuaded there is a direct connection between these attitudes and the banking crisis it has on its hands.

Clive Cookson looks at recent advances by pharmaceutical companies in the fight against HIV, the virus that causes Aids

Hopes centre on control, not cure

A feeling of optimism is beginning to emerge among Aids researchers and patients, after four years of gloom during which not a single new drug was approved as a primary treatment for the disease.

During the past few weeks several pharmaceutical companies have said publicly that they have developed promising drugs to fight HIV, the virus that causes Aids. The most significant news came before Christmas from Boehringer Ingelheim, of Germany, and Merck of the US, the world's largest drug company.

Such announcements are always cloaked in words of extreme caution. Companies are desperate to avoid arousing premature hopes for any drug before it has completed clinical trials, and the dangers are probably greater with Aids – which is both fatal and highly charged politically – than with any other category of disease.

Even so, professional followers of Aids research are highly encouraged. "We find more grounds for hope now than for a long time," said Mr John James, editor of Aids Treatment News, a San Francisco newsletter. "Good candidate drugs are coming out of laboratories faster today than ever before. And some potential treatments which have been in process (or in limbo) for years may now be ready to advance toward usefulness in the foreseeable future."

Every large international pharmaceutical manufacturer has an Aids research programme – though not every company has come up with anything worthy of a public announcement – and the industry as a whole is pouring hundreds of millions of dollars into Aids R&D. The most recent statistics from the US Pharmaceutical Manufacturers Association show a total of 77 research projects involving 62 medicines being developed by 40 companies.

The prospect of large revenues from a successful Aids treatment is, of course, one incentive. Wellcome of the UK sold £170m worth of AZT, the only generally approved Aids drug, last year; that disappointed financial analysts who had expected higher sales but it still made a substantial contribution to Wellcome's 1990 profits.

However, an equally powerful incentive for the industry is to be seen to be doing as much as possible to combat what many politicians and medical experts have called the world's greatest public health challenge.

The waves of public panic that greeted the emergence of Aids in the 1980s have passed, to be replaced by what some specialists see as dangerous complacency about the risks of HIV infection from unprotected sex or drug abuse. The number of Aids victims may not be increasing quite as fast as some of the scariest projections of the mid 1980s had suggested, but the statistics are still alarming.

The World Health Organisation estimates that 1.2m cases of Aids have occurred – a third in children infected from their mothers – since the pandemic began a decade ago. The number of people infected with the virus but not yet showing symptoms of the full-scale disease is about 10m now and likely to be 25m to 30m by 2000. "Of the 10m or more children expected to be infected, the vast majority will have developed Aids and died by the year 2000," the organisation says.

In the African countries most seriously ravaged by Aids, such as Uganda and Zaire, it is a disease of heterosexual men, women and children. In the industrialised West, most Aids victims are still homosexual men but the number of women and children infected is increasing fast; 11 per cent of Americans diagnosed with Aids in 1990 were women, according to the Centres For Disease Control in Atlanta.

What the statistics mean for sales of Aids drugs is not at all clear, although pharmaceutical analysts are working on market projections. Mr James Culverwell of Hoare Govett, the London stockbroking firm, estimates that annual sales of anti-HIV drugs will reach £1bn in five years, with Wellcome's AZT (brand name Retrovir) still holding half to two-thirds of the total market.

An HIV drug market of £1bn a year – as close as any to a consensus forecast for the mid to late 1990s – would be a relatively small part of the world pharmaceutical industry's total annual sales of £80bn. (It compares, for example, to asthma drug sales of £2.3bn a year.) The potential market is not as large as world stockmarket reports indicate, where rumours or announcements of new Aids drugs feature regularly as reasons for pharmaceutical share price movements.

One of the greatest uncertainties in forecasting the market is the cost of new Aids drugs and the extent to which new competition might force Wellcome to reduce further the price of Retrovir. After recommended dose reductions and price cuts since AZT's launch at the beginning of 1987 (forced partly by pressure from US Aids activists who accused Wellcome of exploiting unfairly its monopoly position) a typical Aids patient today pays £1,500 a year for AZT. That "is no longer expensive in comparison to other chronic therapies," Mr Culverwell says. "But DDI and DDC could come out at a significantly lower price than Retrovir."

DDI, developed by Bristol-Myers Squibb of the US, and DDC, developed by Hoffmann-La Roche, US subsidiary of the Swiss Roche group, are furthest advanced of the mainstream anti-HIV drugs in R&D. Both have undergone extensive clinical trials in Europe and North America. Indeed, DDI has been given to 15,000 people through the US government's "expanded access" programme for experimental drugs.

Aids activists in the US spent last year fighting the Food and Drug Administration over its refusal to approve DDI and DDC as prescription medicines. They cannot understand why the licensing procedures for alternative drugs have been so slow in comparison to AZT's swift approval four years ago. Little more than two years elapsed between the discovery in 1984 that AZT could inhibit HIV in a test tube and its approval for Aids patients – a record in the history of drug licensing.

One of the activists' main adversaries, Dr Ellen Cooper, head of the FDA's antiviral drugs division, resigned just before Christmas, saying she was fed up with the political pressure for faster approval of Aids drugs. Although it is not yet clear whether her departure will hasten or delay the process, many observers predict that DDI and DDC will receive FDA approval this year.

"Although there is no conclusive proof yet, there are strong reasons to believe that either or both of these drugs would be important in medical practice – that physicians could save many more lives with these drugs in addition to AZT than with AZT alone," says Mr James. "The problem is that despite the weight of information suggesting that the drugs do work, there is no single stack of paper that makes a flawless academic case for efficacy."

One of the main reasons why AZT was approved so quickly in 1986-87 is that Aids patients then had no treatment at all. The process is slower today for two main reasons. One is that the existence of AZT removes some of the political urgency to approve other medicines. The other is that it is much more difficult to organise convincing clinical trials of new drugs when most patients are already taking AZT and/or other experimental treatments, including unauthorised "underground" drugs.

Indeed DDC itself is well suited for underground use, being cheap to manufacture – a fact that also makes it an excellent candidate for treating Aids in developing countries.

Both DDC and DDI fall into the same category of drug as AZT. They are known as "nucleoside analogues" and work by mimicking the chemical building blocks of the genetic material DNA. The virus inserts a false building block into the growing DNA chain and this jams the mechanism by which it replicates. To be more precise, it inhibits a viral enzyme called "reverse transcriptase" that is essential for replication.

Because nucleoside analogues can also interfere with human DNA, they tend to be drugs with toxic side-effects. Almost half of Aids patients find they have to give up AZT after months or years because it damages their bone marrow. However, drugs in this category often have varying side-effects, so they may be useful substitutes for one another – and patients may tolerate a combination of nucleoside analogues in low doses better than any single one alone.

Several other companies are testing nucleoside analogues. One promising candidate, code-named BCH 189, was discovered by IAF BioChem of Canada and is being developed jointly with Glaxo, the largest UK drug company. Laboratory and animal tests indicate that BCH 189 will have fewer toxic side-effects than AZT, DDI or DDC. Glaxo says clinical trials could start in Europe and North America towards the middle of this year.

A different approach to the toxicity problem is to use a chemical other than a nucleoside analogue to block reverse transcriptase in the virus. Both the Boehringer Ingelheim and the Merck drugs revealed last month fall into the non-nucleoside analogue category.

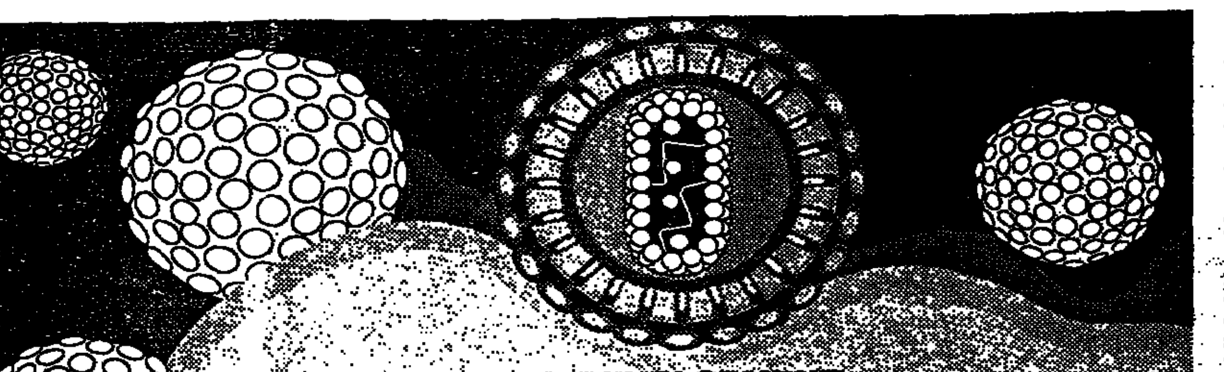
Because of Merck's reputation as the world's most successful pharmaceutical company – and one of the most conservative – Aids researchers see its announcement as a particularly hopeful sign. Merck says it has started preliminary (Phase I) clinical trials on two closely related compounds in Europe and the US.

To discourage speculation the company refuses to identify the compounds, even with a research code-name, or to say where the European trial is being carried out. Merck says its researchers identified a candidate reverse transcriptase inhibitor last summer, after screening 23,000 chemical compounds, and have since modified it by "rational drug design", using computer modelling to produce the two compounds being tested.

Besides reverse transcriptase inhibitors, the pharmaceutical industry is testing Aids drugs which interfere with different enzymes required by HIV to live and reproduce. "Protease inhibitors" are seen today as the most promising category, though none of these is nearly as far advanced as the reverse transcriptase inhibitors.

A more radical approach is to attack HIV by vaccines. Although most people think of vaccines as a means of preventing infection in the first place, they can also be used to treat diseases such as Aids where the symptoms develop slowly, by vaccination after infection.

For the 10m people worldwide who are already infected with HIV, the best hope is for a drug that will keep the symptoms under control, in the same way that a diabetic stays alive through regular doses of insulin. The Aids virus insinuates its genes so deeply into the genetic material of the human cell that there is no hope for several years of "curing" the infection by eliminating the HIV altogether. That prospect will have to wait until human genetic engineering (gene therapy) becomes a reality some time in the next century.



AIDS DRUGS UNDER DEVELOPMENT

This table comprises a selection of Aids drugs in development

ANTI-VIRAL DRUG	COMPANY	DEVELOPMENT STATUS
DDI (Videx)	Bristol-Myers Squibb	In large-scale clinical trials. FDA approval possible in 1991
DDC	Hoffman-La Roche	In large-scale clinical trials. FDA approval possible in 1991
BI-RG-587	Boehringer Ingelheim	Clinical trials begin early 1991
Names not released	Merck	Two closely related compounds began Phase I clinical trials Nov 1990
BCH 189	IAF Biochem with Glaxo	Clinical trials begin early 1991
R82150	Janssen (Johnson & Johnson)	Clinical trials began late 1990
A-74704	Abbott Laboratories	Clinical trials may begin in 1991
Imuthiol	Institut Merieux (Rhone-Poulenc)	Approved in New Zealand in October 1990
Ribavirin (Virazole)	ICN Pharmaceuticals	Extensive clinical trials worldwide but only approved in Ireland
VACCINES		
RP135	Repligen with Merck	Early clinical trials
VLPs (virus-like particles) with p24	British Biotechnology	Early clinical trials
gp120	Genentech	Early clinical trials
gp120	Chiron with Ciba-Geigy	Early clinical trials
gp160	MicroGeneSys	Early clinical trials

OBSERVER

Mr Major's German mark

■ Chancellor Helmut Kohl has taken quite a shine to John Major. The prime minister's boyish charm and touching eagerness to please the Germans over European integration have helped Britain's cause in the corridors of the Bonn Chancellery.

Margaret Thatcher's well-broadcast fears about Teutonic domination of Europe had started to grate on the nerves of even the most civilised of Kohl's diplomats. No one in Bonn thinks that Major will give up in a hurry Britain's refusal to jettison sovereignty over European Monetary Union.

But the Germans are also not keen on a quick march to Emu, as long as questions, like the independence of the future European central bank, have not been solved. So Major's new friendly style could herald considerable meeting of minds between London and Bonn.

One high-ranking German diplomat says admiringly of Major: "He is of the new generation. Open-minded, intelligent, a good listener - you can do business with him." Mrs Thatcher, he adds regretfully, was still influenced by "cliches" about the Germans.

Although Kohl does not know much more about Britain than Mrs Thatcher does of Germany, he is fascinated by British prime ministers. For Christmas, the Chancellor gave one of his speech-writers a copy of the notorious biography of Churchill by controversial right-wing author David Irving. A chance for Kohl and Major to get to know each other better should come within the next month or so - Gulf crisis permitting - when the Prime Minister is scheduled to make his first visit to Bonn for a UK-German summit.

In addition, the Germans are keen to persuade Major to put in a further appearance in Dresden in mid-March. Anglo-German luminaries meeting at the annual Königswinter conference are holding their next gathering there - brought specially to Saxony in east Germany to commemorate German reunification. Kohl and Thatcher both attended last year's Königswinter session in Cambridge - and pointedly failed to get on.

A Kohl-Major meeting on the Elbe would help make up for that. It would also be a symbolic gesture of reconciliation - something the Germans love - in the city still bearing the scars of Anglo-American bombing in February, 1945.

Replay

■ Not all those associated with the Levitt group lost their shirts. The failed financial services company received some free publicity on Saturday when the brave lads of Barnet FC trotted out in front of the Match of the Day cameras with the Levitt name proudly emblazoned on their chests.

Disgruntled investors may take some pleasure from the fact that Barnet were thrashed five-nil at home.

ECU quiz

■ When Her Majesty's Treasury presents its proposals for a legal framework for the hard ECU today, it is a racing certainty that it will have forgotten to invent a snappy title. If this little object is to capture the hearts and minds of Europeans it will need one.

Michael Prideaux, BAT's public affairs director, has already risen to the challenge. He has three names on his short list. The Gresham, on the basis that good money drives out bad; the Major, as a sop to the man who invented it; and the Monet. He favours the latter for several reasons.

Mrs Thatcher's Essex men might think it is French for money; Jean Monnet was the father of the EC; and if it holds its value as well as the paintings, then it will be a great success.

The FT's Samuel Brittan suggests the Francfort, which has a nice ring to it. But since this comes from his friends in the Bundesbank it does not count. A bottle of the best malt whisky for the winning suggestion. The word of the FT's economics staff is final.

"The NHS won't be able to cope with your ingrowing toenail and a Gulf war."

Peace mission

■ Mr Ramadan Güney, one of Europe's largest cemetery owners, is rarely out of the limelight these days. As the storm clouds gather over the Gulf, a group of 25 leading British Muslims is due to set out today for Baghdad in a last ditch attempt to persuade President Saddam Hussein to withdraw from Kuwait. Mr Güney, a Turkish Cypriot, is not going on business, but in his capacity as head of the United Kingdom Turkish Islamic Trust.

Though the delegates have been invited by the Ministry of Religious Affairs of Iraq, "we will be recommending Iraq to find a peaceful solution and avoid bloodshed by withdrawing from Iraq," says Mr Güney.

It is the second time in less than a month that he has found himself in the news. Just before Christmas, he helped get his cousin Mr Asil Nadir, the Polly Peck chairman, released on bail from Wormwood Scrubs by putting up a surety of £1m.

Saudi-watch

■ The prickly Saudis got off lightly in last night's BBC 1 Panorama investigation into life in the kingdom, "Behind the Desert Shield".

To be sure, a couple of rash British Aerospace employees explained on camera how the Royal Saudi Air Force was utterly dependent on British civilian ground crews. But when reporter David Lomax said bluntly of Saudi Arabia's conservative Islamic heritage that there were no cinemas or alcohol, those familiar with the Gulf were left waiting for a firm rebuttal.

Even a passing reference to the imported videos and widespread private drinking might have set the record straight.

Saudi Arabia has been effectively closed to serious television for years. The ruling Al-Saud family are notoriously sensitive to media criticism. Given the sensitivities of the Gulf crisis, it is perhaps fortunate that this programme is not going to cause the same stir as the controversial Death of a Princess episode.

Amnesia

■ "Doctor, doctor — I've lost my memory."

"I see, when did that happen?"

France's state-owned electricity industry views aspects of its control by government as a growing hindrance, writes **William Dawkins**

Giant straining at the leash

France's nuclear giant is straining at its government creator's leash – and the spectacle has begun to send tremors of anxiety through some other European power suppliers.

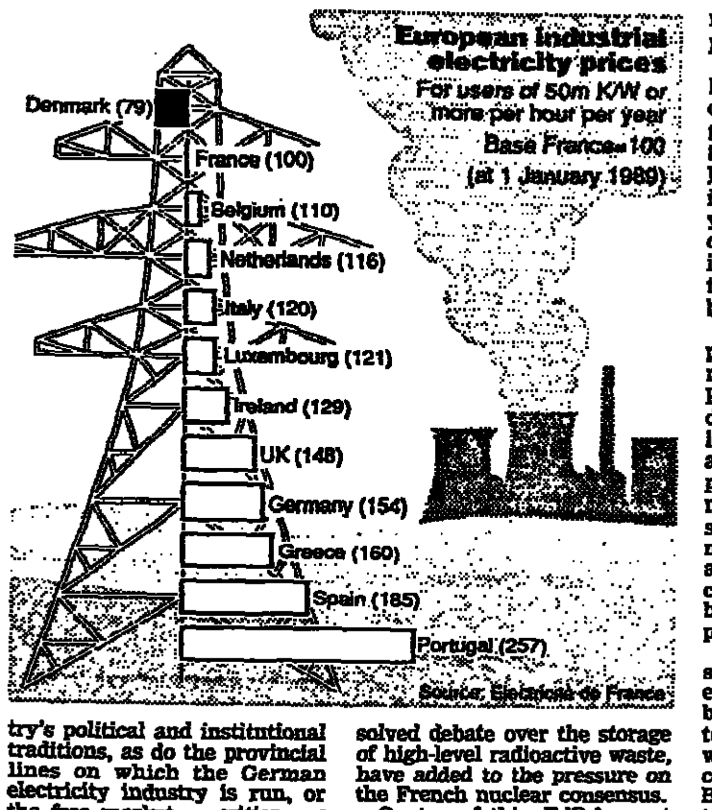
The privatisation and break-up of Britain's electricity industry leaves state-controlled Electricité de France (EdF) as the only monoply in Europe responsible for all of its electricity system, from power generation, to the network and distribution to customers.

Yet EdF's senior managers are just starting to see state control as more of a hindrance than a help as they try to strengthen EdF as the biggest energy exporter in the European Community's frontier-free market. They also aim to become advisers and contractors in the modernisation of eastern European electricity industries.

The French power utility's ambitions have already aroused the anxiety of German coal-producing regions, worried about the prospect of cheap nuclear electricity accelerating job losses in the mines. In the UK, its attempts to sell excess power to big customers at advantageous rates have attracted suspicion. Only last year, the European Commission enforced changes to a contract between EdF and Pechiney, the aluminium group, on the strength of a complaint from British Steel. The Commission still scrutinises EdF's big industrial contracts.

EdF's managers believe they would have a usefully lower profile if they distanced themselves from the state, an argument commonly heard elsewhere in French state industry, including telecommunications and steel. "Twenty years ago, things were simple, because EdF was a monopoly operating only in France," says Mr Jean Bergougnoux, EdF's managing director. "Now it is different because EdF is exposed to competition."

EdF's problem is that it cannot escape its history. It is a remnant of central industrial control, competing in a world where governments are tending to withdraw from the operation of public utilities. Its evolution from hundreds of regional power suppliers and distributors before the last war to today's monopoly, nationalised in 1946, reflects its country's political and institutional traditions, as do the provincial lines on which the German electricity industry is run, or the free market – critics say potentially chaotic – bias of the privatised British system.



Today, EdF exports 13 per cent of its electricity and competes hard against other utilities, sometimes at the limits of EC competition rules, to attract big industrial power users. In the process its low prices have sometimes attracted the attention of EC competition authorities.

At home, EdF's pro-nuclear policy is coming under unprecedented scrutiny from a worried public. Until recently, the speed with which France has turned itself into the world's most nuclear-dependent country over the past 15 years was a source of national pride. EdF's 57 reactors churn out more than 80 per cent of the country's electricity at the lowest prices in Europe, even if the government forces tariffs lower than the EdF would like.

But the group is now saddled with an embarrassing surplus of seven to eight power stations, according to a recent official report. While EdF itself does not accept this, it does admit that it badly needs export markets. A series of minor accidents, plus an unresolved debate over the storage of high-level radioactive waste, have added to the pressure on the French nuclear consensus.

On top of this, EdF has yet fully to correct a poor record for power cuts, highlighted in the pre-Christmas storms, when at one point 70,000 households were without electricity. The utility needs to spend FFr22bn over the next four years on renewing power lines.

What irks EdF's management most is the way in which the French government curbs electricity prices at the company's expense. In principle, EdF is obliged to keep price rises 1.5 percentage points beneath the inflation rate – and it says it can live with that. Yet in practice, the government holds rates much lower, with the result that EdF has made losses for six out of the past 10 years.

The influential finance ministry argues that this helps curb inflation and so support the value of the franc – an idea which provokes derision at the EdF. "If we were convinced that the delay in allowing us to raise our tariffs was necessary to keep the franc safe on the international foreign exchange markets, we would gladly sacrifice on the altar of the fatherland, but we do not believe it for a moment," says Mr Pierre Delaporte, the chairman.

Yet EdF's losses and the huge debts built up as a result of its ambitious reactor programme are more of a political than a financial problem. Reducing its FFr230bn borrowings is one of EdF's priorities, yet its managers point out that debts have never been so low in relation to EdF's FFr147bn turnover and compare favourably with American utilities.

"Sir Leon Brittan [EC Competition Commissioner] asks me how we can claim that Pechiney and others are good deals for EdF, and yet make a loss. He is absolutely right," admits Mr Bergougnoux, who points out that EdF has received no government subsidy for 10 years. "What we need is a pricing policy that allows us to make a profit. A company like EdF must have balanced accounts if it is to be perceived as a fair competitor."

EdF's highly publicised safety record means the government is keen to keep the body under its thumb, if only to mollify the Green party, which has been scoring 15 per cent in recent opinion polls. Mr Bergougnoux's staff are trying to regain the public's confidence by publishing every reactor incident, on a seriousness scale from one to six.

So how does EdF plan to satisfy people that its power stations are safe, improve the quality of its service and persuade foreign critics that it is competing fairly?

Beyond continuing to play on honesty, recent accidents have prompted EdF to tighten up on inspection and repair procedures. The utility also tried to make general management of power distribution more efficient by removing a layer of regional management three years ago. EdF's 100 departmental boards now report direct to central management in Paris, and are directly accountable for their own costs, quality and sales.

For Mr Bergougnoux, the question is how long the government can sustain its tough price policy. "European competition will in the end have its effect. Brussels will remind the government that the electricity market must conform to competition rules." Could it be that Sir Leon is EdF's best ally? Mr Bergougnoux cannot quite bring himself to deny it.

FOREIGN AFFAIRS

Far more at stake than cheap oil

Edward Mortimer explains what objectives would be served if a war has to be fought in the Gulf

With just a week to go before the United Nations deadline expires, the attention of the world community is focused on the Gulf. Rightly so, no doubt, but that very absorption brings with it additional dangers.

In 1956 the crisis over the Anglo-French invasion of Egypt muted world reaction to the Soviet invasion of Hungary. Let us hope that President Mikhail Gorbachev, or some of the hard-liners with whom he is now surrounded, do not choose crunch week in the Gulf as the opportune moment for a crackdown in the Baltic states, calculating that the west will turn a blind eye.

One reason why we face such a grave crisis in the Gulf is that in the weeks before Iraq's seizure of Kuwait senior policymakers in Washington and other western capitals were absorbed in east-west issues. Consequently they paid insufficient attention to the warning signals from Iraq, and failed to send back to Baghdad any clear message of the way they would react if Kuwait were invaded. The shame of that gross blunder will be doubled if the same mistake is now made in reverse.

In saying that, I am not seeking to duck the issue of war or peace in the Gulf or to belittle its importance. To expect me to say anything original on that subject when so much has already been said would hardly be realistic, and to expect that anything I said could influence the outcome would be presumptuous in the extreme. But it is one of those moments when all commentators have a responsibility to make clear where they stand.

The first point to remember is that the decision to wage war, over which the rest of the world is now agonising, was taken long ago by President Saddam Hussein himself. In 1980 he resorted to war in an attempt to settle his differences with Iran. Iran was guilty of provocation, but even so was entitled to the support of the world community in resisting aggression. Regrettably it did not get it.

In 1990 Mr Saddam repeated the offence. This time there was no provocation, unless we accept as such Kuwait's failure to respect its oil production quota, or its refusal to hand over money and territory on demand. The resort to military force was entirely of Iraq's choosing. The international community is entitled, and arguably obliged, to respond in kind. The argument is not about right, but about the feasibility of the operation, and about the lengths to which military action should be taken.

Could the objective be secured by means other than all-out military attack? Many of us thought so. Iraq's economy is acutely import-dependent, and its ability to finance imports derives almost exclusively from its position as an oil exporter. As far as is known Iraq has not been able to export any oil since August 2. People in Iraq are not starving, and if babies have died, as the regime keeps claiming, that is its fault, not that of the sanctions.

But Iraq's economic development, on which Mr Saddam's claims to legitimacy largely depend, has come to a dead stop. The longer the present situation goes on, the greater the hardship and frustration. This could have been exploited by opposition groups such as those which have come together in Damascus to form a united front, and will be holding a conference in London later this month on "human rights and democracy in Iraq". It is strange that these groups have been given so little encouragement or even publicity in the west.

In time, the Ba'ath regime might have cracked. But by early November President Bush had evidently reached the conclusion that international solidarity against Mr Saddam would crack first. The decision which he then announced, to send an extra 150,000 American troops to the region, followed by the setting of the January 15 deadline, effectively locked us all into a timetable too short for there to be much hope of Mr Saddam being removed by any internal process, and into a strategy of forcing him out of Kuwait by the threat, and failing that, the use, of military action.

The argument is not about right, but the feasibility of the operation, and the lengths to which military action should be taken

Whether that decision was right or wrong, it is too late to change it now. My guess, and my fervent hope, is still that Mr Saddam will blink first.

He does not in fact have to carry out a complete withdrawal by next week in order to avoid war. A US-led military offensive, already very problematical in terms of domestic and international politics, will become politically impossible if Iraq appears to be in the process of withdrawing, or if it has withdrawn from the inhabited part of Kuwait. The crisis would go on, but if it reverted to being a crisis about a couple of islands and part of an oilfield, full-scale war as a means of settling it would become unthinkable.

There are those, of course, who think we should have a war with Iraq irrespective of what happens to Kuwait, and that even a full Iraqi withdrawal without war would be a "nightmare scenario". I cannot go along with that. Full withdrawal without war would be a great victory for world order and, however he might choose to present it, a humiliating defeat for Mr Saddam. After it, his political future should be decided by Iraqis, not by outsiders. As for his weapons of mass destruction, they should be the subject of regional arms control negotiations – in which Israel would have to take part.

But if Mr Saddam does not blink there will be war, in which case we should be clear what we are fighting for. It would not be a war for cheap oil, or for the interests of US oil companies. Those interests would have been better served by allowing Mr Saddam to keep Kuwait, in which case he would have acquired the same interest that Kuwait had in keeping oil prices competitive over the long term. One of its objectives would indeed be to prevent military force from being used to dictate policy throughout the world's main oil-producing region. But the overriding objective would be to make clear that military force cannot be used simply to wipe a state off the face of the map.

If you say this at dinner parties, people look at you pityingly as if you were hopelessly naïve. Since when, they ask, has the US been seriously concerned about international law? What about Grenada or Panama? I do not necessarily defend those actions but I do think there is a difference between intervening to change the government, especially a government that has installed and maintained itself in power by violence, and intervening to abolish the state altogether. Anyone who is willing to let Iraq get away with annexing Kuwait has no leg to stand on in opposing US action in Grenada or Panama.

Similarly with the argument over Israeli occupation in Gaza, the Golan and the West Bank (including east Jerusalem). When those territories were first occupied Israel had a credible justification in self-defence, as Iraq certainly did not have in Kuwait; and again, Israel has not actually suppressed any pre-existing state. Even Morocco in western Sahara and Indonesia in East Timor have not done that: they moved in in time to prevent an independent state being formed.

Personally I should like to see all these issues resolved by a genuine act of self-determination of the inhabitants of the territories in question. But it is pure self-delusion to suppose this will ever be achieved by a world which takes no action when faced with the even more flagrant challenge of Iraq's seizure of Kuwait.

In fact the only other case I can recall in recent history of states being forcibly abolished when they were recognised as fully sovereign by everyone (including the powerful neighbour that invaded them), and which are still waiting to have their sovereignty restored, involves the three Baltic republics in 1940. This is one more reason why we should make sure that the effort to reverse Mr Saddam's crime does not serve as a cover for the perpetuation of Stalin's.

LETTERS

Does Taurus mean the end of the private shareholder?

From Mr P.A. Sergeant.

Sir, Your illustration of the intended method of the working of Taurus ("A new road, but little relief in sight", December 10) seems to exclude from the Taurus system the possibility of any person buying or selling securities except through a broker. If private persons wish to trade in shares, will they not be able to do so in future except through the Taurus system? Will not this system make even more remote from real life the world of the financiers – already the absentee landlords of the "free enterprise" system? Are we not about to see the end of the private shareholder? The subordination to the financier of the engineer, the manufacturer, the trader, the employees and their trade unions, the designer, the inventor, the researcher weakens the sinews of British industry.

The arrival of Taurus would have presented an opportunity to allow the private investor direct access to the market or to allow a wider range of intermediaries, such as building societies, lawyers, accountants, to break the monopoly of brokers in this sphere.

P.A. Sergeant,
22 Long Road,
Scunthorpe, South Humberside

Nigeria deeply conscious of need for prudence

From the Nigerian High Commissioner.

Sir, I welcome the editorial endorsement in your highly-respected newspaper ("Democracy in Nigeria", January 3) that the economic reforms undertaken since 1986 by the Babangida administration are "praiseworthy".

You point to feelings on the part of the Nigerian electorate and foreign creditors that the increased oil revenue accruing from the Gulf crisis may be squandered as in the 1970s. The administration, which has been critical of the use of some of the windfall from the boom years, is itself deeply conscious of the need to harness the resources better this time. One manifestation of its prudence is the steady build-up of a foreign currency reserve which had been run low.

On projects, surely it would be a true waste of resources to abandon, for example, the Ajaokuta steel plant, which you define as a white elephant, after an investment of some $4bn – when, moreover, its completion is within sight?

As to obstacles in the way of foreign investors, there have been a series of changes in response to proposals put forward by both Nigerian and foreign investors, and the administration remains disposed to consider further changes which will satisfy investors and also safeguard national interests.

Might I mention one small fact that would affect understanding of the concluding part of the editorial, which you headed "Political unease". The manifestos of the two political parties were actually synthesised from the manifestos of the 13 associations which had filed applications for registration as political parties, but all of whom failed to reach the previously prescribed threshold. The task was undertaken by the National Electoral Commission.

That there was a poor turnout at the local government elections last month owes less to the nature of the parties than to the character of the elections. In the first place, local government elections attract far less interest than state-level and national elections. I therefore expect to see a far larger poll in the subsequent tiers leading to a handover to elected civilian authorities. Secondly, however, there was also the practical matter of voter hesitation over open voting, a change from the accustomed secret ballot, brought about by the determined desire of the administration that the elected governments which emerge from our elections this time round shall be seen to have been elected free of all suspicion of voting malpractice. In the unlikely event of low polls in the 21 state legislature and gubernatorial elections (1991), and the national and presidential elections (1992), eligible voters who refrain from voting will have to put up with the governments which emerge.

G. Dove-Edwin,
High Commissioner for Nigeria,
9 Northumberland Ave, WC2

We can't always help it, says BR of long delays

From Mr Peter Field.

Sir, The train journey from Waterloo to Ascot normally takes up to 50 minutes, not two hours as stated by P.A. Drew ("The losers in the battle at Waterloo", Letters, December 20).

I accept that the standard of our performance on the South West division is currently far from satisfactory. However, prolonged delays to trains are often caused by circumstances outside our control. The problem experienced by Mr Drew on the line to Ascot is a good example. Delays of approximately 60 minutes were caused twice recently – a security alert and an incident involving a man who apparently walked in front of a train.

While there is no way of preventing incidents such as these, we are trying with the resources available to improve performance generally. There is currently an unacceptable level of cancellations caused largely by our severe shortage of train crews; however, I am confident that the situation will improve considerably with the introduction of driver-only operation.

Work on Waterloo International Terminal has not been the cause of daily chaos and disruption to services, as Mr Drew suggests. It has, however, reduced flexibility for South West train planners and I accept that on occasion this has added to delays.

Peter Field,
divisional director South West,
Network SouthEast,
Waterloo Station, SE1

Past, present, future

From Mr Keith Turnstall.

Sir, I cannot agree with Malcolm Rutherford ("History stops short", January 3).

History – life – did not stop in 1918 or 1945. I believe the real use and fascination of history is that it brings us right to the present. History should be taught backwards: the present is the result of the past. An event in 1962 might be as relevant as a treaty in 1714.

One could argue as to whether the purpose of history is to understand the present. But if one takes that view, the subject is not only academic but verging on the vocational. Would that more of our world leaders had a better understanding of history.

Keith Turnstall,
Maple Down, Woodland Way,
Weybridge, Surrey

Over-hasty action on CFCs likely to prove unwise

From Mr S. Forbes Pearson.

Sir, I was disappointed to read in your normally accurate and well-informed paper ("The green spirit lingers on", December 6) that, in Germany, "CFCs will be finally phased out in 1994 but that is nearly 15 years behind the US..."

In 1978 the US government banned the use of CFCs in aerosols. CFCs continue to be used as refrigerants in the US, and probably this use will continue until the year 2000 as envisaged by The Montreal Protocol.

Refrigeration engineers are facing the very difficult task of planning an orderly transition from CFC refrigerants to as-yet-unproven replacements, while at the same time maintaining the efficiency of existing refrigeration systems and reducing temperatures in the food distribution chain to comply with recent legislation. It will not be possible to succeed in these objectives if CFCs are prematurely phased out.

It is especially important that the HCFCs such as R22 should continue in use as transitional substances for several decades as laid down in the 1990 amendments to The Montreal Protocol. It is important that politicians, environmentalists and journalists should realise that attempts to anticipate the carefully thought out provisions of The Montreal Protocol are likely to be counter-productive.

CFCs should be phased out of use as refrigerants but in a planned and orderly way.

S. Forbes Pearson,
chairman, Technical Committee, Institute of Refrigeration,
Kelvin House,
76 Mill Lane,
Carshalton, Surrey

FINANCIAL TIMES
Tuesday January 8 1991

Soviet troops ordered to Baltic to enforce draft

By Quentin Peel in Moscow

THOUSANDS OF Soviet paratroops are to be deployed in the dissident Baltic republics, as well as in nationalist troublespots in the Ukraine, Moldavia and Transcaucasia, to enforce conscription in the face of a massive draft-dodging campaign, the Soviet Defence Ministry announced last night.

The move was greeted with consternation in the Baltic republics, where officials warned that it would greatly aggravate tensions between civilians and the Soviet military units there.

It comes only days after General Mikhail Moiseyev, the chief of the Soviet general staff, gave a categorical assurance to Tass, the official Soviet news agency, that no more troops would be sent to the rebellious republics of Estonia, Latvia and Lithuania.

The action coincided with an ultimatum from President Mikhail Gorbachev to the Georgian republic, ordering all armed units except Soviet Interior Ministry troops to leave the region of South Ossetia after clashes there left at least one dead and several wounded.

The three Baltic republics and Georgia are now controlled by nationalist-dominated parliaments, and are committed to seeking outright independence from the Soviet Union.

Conscription for the Soviet army has slumped in all those areas, as well as in the western Ukraine and Armenia, where nationalist forces are also predominant.

The Ministry said only 10 per cent of conscripts had signed on in Georgia, 12.5 per cent in Lithuania, 24.5 per cent in Estonia and 28.1 per cent in Armenia.

"Such a situation cannot be tolerated", the Defence Ministry statement said, and it confirmed that "contingents" of paratroops would be involved.

The move was immediately condemned by nationalist politicians as a step towards military control of the rebellious republics.

Mr Dainis Ivans, former leader of the Latvian Popular Front and now vice-president of the republican parliament, said it was deliberately timed to coincide with the rising tension in the Gulf.

"I think they want to prepare for January 15, and after January 15 to introduce in the whole Soviet Union a military regime," he said. "All the world will be looking at the Gulf and not looking at the Soviet Union."

In Georgia, the situation in South Ossetia is already looking very ugly, and reports yesterday said that at least one, if not three people had been shot dead in clashes between the minority Ossetian group, and Georgian militants and republican militia.

Mr Gorbachev's decree orders all republican militia out of the region, and says that within three days it must handed over to Soviet Interior Ministry troops. A 12-hour curfew from 7 p.m. is already in force, but the region is reportedly suffering a complete economic embargo from the rest of Georgia.

Reuter adds from Washington: Mr Jack Matlock, US ambassador in Moscow, met Mr Eduard Shevardnadze, the Soviet Foreign Minister, yesterday and expressed concern about Kremlin plans to despatch troops to the Baltic republics, the State Department said.

Estonia starts search for joint-venture models, Page 4

Roger Lafontant, leader of the failed coup, pictured at a press conference last month

Rebel leader wounded as troops crush attempted coup in Haiti

By Canute James in Kingston

LOYAL HAITIAN troops stormed the presidential palace in the capital Port-au-Prince yesterday and crushed a coup attempt by former interior minister Mr Roger Lafontant, less than 12 hours after he said he had seized power.

Mr Lafontant, former head of the feared Tontons Macoutes private militia of the Duvalier family dictatorship which ruled the country for 30 years, was apparently wounded in the arm in a 30-minute gun battle before his arrest.

The rebels, comprising Tontons Macoutes remnants and Duvalier supporters, seized the presidential palace early yesterday after nearly two hours of shooting, taking several hostages, including Mrs Ertha Pascal-Trouillot, the country's interim president.

Some reports said that at least 36 people had been killed in a wave of violence stemming from the attempted coup, including at least seven suspected Duvalier agents who were said to have been lynched by protesters.

A further 26 died in a shootout at the headquarters of the Union for National Reconciliation, the Duvalierist party headed by Mr Lafontant.

Mrs Pascal-Trouillot, forced during her captivity to make a broadcast relinquishing power, was later restored as president.

Officials said the coup attempt would not disrupt plans for her to hand over power on February 7 to Father Jean-Bertrand Aristide, the left-wing priest who won presidential elections last month.

Mr Lafontant was a close associate of former dictator Jean-Claude "Baby Doc" Duvalier, who fled to exile in 1986, and of his father, the late François "Papa Doc" Duvalier. He claimed in a radio broadcast after his attempt to seize power that last month's elections were fraudulent, and that Father Aristide had obtained only a minority of the votes.

Electoral officials said last week that Father Aristide had received two thirds of the votes, while hundreds of foreign observers had concluded that the voting, although marred by organisational problems, was free and fair.

The army condemned the attempted coup and indicated that the former minister did not have army support.

Death knell for Haiti's far right, Page 4

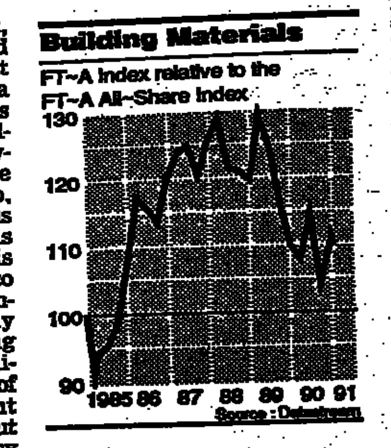
THE LEX COLUMN

The trials of life at the TSB

First Latin American debt, then securities trading and property lending, now at last life assurance. It was only a matter of time before Britain's banks, with their unerring talent for losing money, discovered a way of doing so in the insurance industry. Even so, the scale of TSB's £200m-plus write-off at Target Life is rather breathtaking. It is always theoretically possible to make a loss in the life and pensions business, if too many customers die at the wrong time or surrender their policies, if expenses veer out of control or if investment returns deteriorate badly. But in practice it is far from easy not to make a profit: or, at any rate, it has been for the last decade or so.

There are three disturbing aspects of the Target episode. The first is the sheer scale of the strategic mismanagement which prompted TSB to spend £227m on Target in 1986 and nearly £800m on Hill Samuel a year later. That, however, is history. Heads have rolled, and much of the blame lies anyway with the Treasury for floating TSB nearly five years ago in grossly overcapitalised form. The second is that while Equity & Law gets Target and its sales network as a going concern, TSB apparently remains at risk for any further write-offs of its commercial and residential loans.

The third worrying feature is the speed with which Target's business and its value went into a tailspin and what this says about the current state of the life assurance business. A lot of Target's problems, such as a very high proportion of lapsed policies and some dodgy intermediaries, may have been specific to the company. But it may also be that much of the business written by UK life companies in the boom years of the late 1980s was of low quality. If so, the notion that life assurance companies have an inherent or so-called embedded value needs some revision. Embedded values can evidently go down as well as up.



UK economy

The November figures for credit business are a salutary reminder of how remarkably robust the UK consumer has proved until very recently. The fact that total consumer credit was five per cent up on last year might be taken as evidence of distress borrowing. More likely, given the extent to which consumers no longer use cash in their transactions, the rise is simply attributable to the increase in real incomes.

All the same, it is becoming increasingly clear that the last few months have dented the confidence of consumers as well as businesses. Yesterday's final retail sales figures for November – revised downwards – confirm that for the first time in the cycle, retail volume over a three month period has fallen marginally below that of the previous year. Since around the middle of 1989, year-on-year growth had been approximately flat. It is only in the latest couple of months that the trend has actually been downwards.

In the current year, the falling inflation rate may mean that real average incomes will rise faster than last year. But in aggregate, this will be offset by the rise in unemployment. Taken together with the rise in the savings ratio, this suggests that consumer spending may be static or even falling. In the last couple of years, retailing and the consumer service industries generally have suffered the consequences of undue optimism on how fast consumer spending would rise. How they will fare if it actually falls scarcely bears thinking about.

Building materials

Blue Circle's plan to put up its UK cement list prices this spring by nearly 7 per cent suggests some wider thoughts about the difficulty of choosing shares to buy in 1991. Sceptics are bound to argue that despite Blue Circle's 54 per cent market share of UK produced cement the price increase will not stick, and that its competitors Rugby and Castle will force it to discount heavily. But then price wars are bound to happen in a recession. Despite that, the cement companies have some great underlying strengths.

One is the very high barrier to entry represented by the £200m-odd it could cost to build a new kiln on a greenfield site and the difficulty of getting planning consent in picturesque limestone countryside. Another is the strong cash flow of the existing players, even in a downturn. Blue Circle's depreciation charge just about covers its own annual £25m capital spend on UK cement. Hence, with Blue Circle's shares on a historic dividend yield of 7 per cent, they must hold some good fundamental value for the investor at their current level.

The trouble with this line of thinking is the lack of clear visibility of earnings growth this year and next. In Blue Circle's case, given the UK's hangover of commercial property development, it could be 1993 before cement demand picks up strongly. As in the wider economy, the timing of the upturn is still very hard to call.

Racal

The abrupt demise of Racal's grand plan for a UK government-wide telephone network comes at a tricky time for the proposed buyout of Racal Electronics. The value of the project was never made explicit, nor indeed was it ever made clear whether it was to form part of Sir Ernest Harrison's new empire or be transferred to Racal Telecom. Either way, it was touted as the next big growth business after mobile phones. The rump of the business will have a less attractive long-term future without it. But in the short term the buyout sums will doubtless be improved by removing the development costs of the project, which may explain the surprisingly modest 3 per cent drop in the Racal Electronics share price to 169p yesterday. Whether this more sanguine view lasts until the buyout plans are made public may be another matter.

Yesterday's announcement also has a wider bearing on the forthcoming government review of the UK telecoms duopoly. The foundering of the project was partly a matter of cash. But the government may also have wanted to leave itself and its individual departments free to exploit a greatly liberalised regime without going to the expense of a custom-built system. The more hints that emerge about the likely shape of the review the worse it sounds for British Telecom.

Bank think-tank calls for innovation in trade finance

By Stephen Fidler, Euromarkets Correspondent, in London

BANKS are increasingly shying away from providing trade finance to developing countries and significant efforts are required to reverse this development.

This opinion comes in a report published today by the Institute of International Finance, a Washington-based research body funded by international banks.

"Governments working together with their exporters and bankers will have to make major efforts to eliminate the disincentives to bank participation in medium and long-term trade finance," the report says.

The report covers trade and investment finance to middle-income countries – those with 1989 national income per head of between $581 and $6,000.

It says banks are unhappy about new trade lending to those which have rescheduled debt or embarked on a debt reduction programme.

New loans to these countries often require that immediate provisions are set aside by banks, while there is a large risk that they may be rescheduled.

Even for countries that have not rescheduled, heightened pressure on bank capital means it is difficult for banks to increase trade lending.

The report speaks of two big incentives that would encourage banks to increase trade and investment finance: a return to creditworthiness by middle-income countries and greater help from the official sector – the international financial institutions and export credit agencies.

Problems have arisen because export credit agencies provide funds for only 85 per cent of the transaction and much of the rest is sought from commercial banks, the report says.

Many trade transactions have been aborted because buyers and sellers have been unable to find a commercial bank lender. Thus, greater flexibility on down-payment requirements is needed.

Special efforts should be made for countries which have restructured their debts but are now nearing the point of creditworthiness.

"With the actual and prospective losses faced by export credit agencies, it appears unreasonable that major new funding commitments could be expected, but flexibility and innovation should be emphasised."

However, because creditworthiness will take time to achieve and big increases in official help are unlikely, other measures need to be considered, the report adds.

It urges export credit agencies to explore ways to supplement and encourage private-sector insurance capacity, rather than see private insurers as competition.

It suggests an earmarking of official resources for reinsurance and co-insurance to support private insurers.

In view of the limited availability of private insurance for maturities beyond three years, export agencies could, for example, provide cover for outlying years.

The report concedes that private sector insurance is not regarded by banks as completely off-setting country risk.

It also suggests expanded use of the cofinancing operations of the World Bank.

A further suggestion is for export credit agencies to swap risk among themselves, or to use a reinsurance facility. This would address the problem of agencies coming up against their own credit limits for certain countries.

The report says pricing of many trade transactions does not provide banks with adequate returns. It suggests that the agencies, bank regulators and tax authorities could all take steps to increase these returns. For example, agencies could effect changes to make it easier to turn the debt into securities or to reduce banks' administrative costs.

**Expanding Bank Participation in Export and Investment Finance with Middle-Income Countries. Institute for International Finance, 2000 Pennsylvania Avenue NW, Suite 8500, Washington DC. Tel: 202 857 3600*

BIS report, Page 3

Softening of heart towards the hard Ecu

Peter Marsh discusses British proposals for a new European common currency

BRITAIN'S proposal for a hard Ecu currency, greeted with a chorus of disdain when it was first proposed last summer, may be taking on a new lease of life.

Today the UK Treasury is publishing details of how the hard Ecu – a concept for a new common currency for Europe that would be used in conjunction with existing currencies – could be created and managed by a new pan-European monetary institution.

Britain says the hard Ecu could be introduced after 1994. It could reduce business costs across Europe and also fight inflation.

The scheme is a central part of Britain's stance on European economic and monetary union (Emu). Even though the idea has to jump a number of important political and technical hurdles before it is accepted, it has been regarded more warmly in the rest of Europe since Mr John Major became prime minister.

In keeping with Mr Major's softer tone on European integration compared with Mrs Margaret Thatcher, UK officials have indicated that they are prepared to accommodate the views of other European nations in refining their proposals for the currency.

In particular, they are prepared to drop the UK's insistence that a new European Monetary Federation would have to be established to administer the hard Ecu.

Instead, this job could be done by the European System of Central Banks (ESCB) – a new intra-European "super-bank" plus existing national central banks – which many of Britain's 11 European Community partners want set up in 1994 as part of the Emu timetable.

The Treasury document being published today will be presented to senior European officials, meeting in Brussels next week under the auspices of the intergovernmental conference on Emu.

This conference will, during the rest of the year, consider the details of the schedule to the final stage of Emu, which could be reached around the end of the century.

The UK document will indicate how the new body for managing the hard Ecu could fit in with existing European institutions. It will also spell out how the new organisation could be protected from undue political interference from member governments.

Although the text will refer to the new body as the EMF, British officials say the ideas in the document could apply just as well to the ESCB.

According to the plans of the European Commission, the ESCB is due around the year 2000 to be responsible for pan-European monetary policy. It would also administer a new, single currency: by this time, existing financial units would have faded away.

Under the British scheme, asking the ESCB to supervise the hard Ecu would provide both it, and the rest of Europe, with valuable experience in organising monetary matters across Europe before the final stage of Emu. Eventually, the hard Ecu could evolve into a single currency.

In recent weeks, Germany has remained dismissive of the hard Ecu, arguing that is unnecessary. But France and Spain have made positive comments about the proposal, while Italy has indicated some support.

ACCORDING to UK plans, hard Ecus would be issued by a new authority, either the EMF or the ESCB, in exchange for set amounts of existing currencies from central banks. The new financial unit would be a member of the European Monetary System's exchange rate grid. It would be allowed to float against the other currencies within a 2.25 per cent band, set in relation to the D-Mark.

The hard Ecu would probably start out in this system with the same value as the existing basket Ecu, a notional financial unit set up 12 years ago mainly as a unit for government and corporate bond issues and for intergovernment transfers. Ultimately, the hard Ecu would find its own level, but with the proviso that it could never be devalued against any other currency in the system.

That would, under the Treasury's plans, give the currency inflation-proof qualities which would make it attractive to European companies, either as a borrowing instrument or in effecting cross-border transactions.

Eventually, the hard Ecu could displace the basket Ecu altogether. Treasury officials believe many existing basket Ecu bond contracts could be converted into hard Ecus.

A second aspect to the hard Ecu would be its role in fighting inflation more directly. That would happen if specific European nations were judged to be running loose monetary policies, leading to inflation and a devaluation of their own currencies.

In such a circumstance, the country concerned would be forced to sell some of its stock of hard Ecus to the European authority issuing this currency. The nation would take in return some of its own, devalued money.

THAT would effectively "fine" countries causing inflation and, so the UK hopes, help to brake rising prices across Europe.

Despite the scheme's progress in recent weeks in the rest of Europe, several commentators are unsure that the ideas behind the hard Ecu can be made to work. One of the fiercest critics is Mr Tim Congdon, chief economist at Gerrard and National, a London-based discount house.

He says the hard Ecu notion is "farcical" as the currency would never have any real use in the absence of agreements on using it as legal tender – a state of affairs which, under the most optimistic proposals for Emu, is years away.

The next few months will illustrate whether Mr Congdon's view prevails or whether the hard Ecu concept, labelled as dead a few weeks ago, can make a Lazarus-like recovery.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	C	14	57
Algiers	S	18	64
Amsterdam	S	8	46
Athens	S	16	61
Bahrain	S	19	66
Bangkok	C	33	91
Barcelona	F	16	61
Beirut	—	—	—
Belfast	F	3	37
Belgrade	Fg	5	41
Berlin	S	6	43
Biarritz	R	11	52
Bombay	S	27	81
Bordeaux	F	13	55
Boulogne	F	9	48
Brussels	F	9	48
Budapest	S	7	45
Buenos Aires	F	30	86
Cairo	C	18	64
Cape Town	C	21	70
Caracas	C	27	81
Casablanca	S	16	61
Chicago	C	-9	16
Cologne	C	6	43
Copenhagen	S	4	39
Corfu	S	14	57
Dallas	C	7	45
Dublin	C	3	37
Dubrovnik	F	14	57
Edinburgh	F	3	37
Faro	C	17	63
Florence	F	15	59
Frankfurt	C	9	48
Geneva	G	9	48
Gibraltar	F	15	59
Glasgow	Sl	1	34
Helsinki	C	1	34
Hong Kong	C	17	63
Innsbruck	F	5	41
Inverness	C	0	32
Islamabad	C	14	57
Istanbul	F	11	52
Jakarta	R	31	88
Jersey	S	9	48
Johannesburg	C	25	77
Lima	C	23	73
Lisbon	C	14	57
London	S	8	46
Los Angeles	S	12	54
Luxembourg	R	5	41
Madeira	S	17	63
Madrid	C	9	48
Majorca	F	15	59
Malaga	F	16	61
Malta	F	17	63
Manchester	F	5	41
Manila	R	30	86
Melbourne	C	19	66
Mexico City	C	23	73
Miami	S	22	72
Milan	Dr	1	34
Montreal	S	-18	0
Moscow	Sn	0	32
Munich	R	6	43
Nairobi	F	25	77
Naples	F	14	57
Nassau	C	28	82
New Delhi	F	17	63
New York	C	2	36
Nice	F	13	55
Nicosia	S	18	64
Oporto	F	13	55
Oslo	F	0	32
Paris	F	10	50
Peking	S	-1	30
Prague	F	5	41
Reykjavik	C	8	46
Rhodes	F	17	63
Rio de Janeiro	C	30	86
Rome	F	15	59
Salzburg	R	6	43
San Francisco	C	9	48
Seoul	F	-1	30
Singapore	F	31	88
Stockholm	C	1	34
Strasbourg	F	10	50
Sydney	S	26	79
Taipei	—	—	—
Tangier	F	14	57
Tel Aviv	S	18	64
Tenerife	S	20	68
Tokyo	S	9	48
Toronto	S	-11	12
Tunis	S	14	57
Valencia	F	15	59
Venice	Dr	5	41
Vienna	F	4	39
Warsaw	F	7	45
Washington	Sn	2	35
Zurich	R	6	[illegible]

Temperatures at midday yesterday. C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

INSIDE

Snecma invests in GE jet engine project

Snecma, France's state-controlled aero-engine maker, has intensified its longstanding relationship with General Electric of the US in the field of commercial jet engines. The French company is to take a 20 per cent share in GE's latest heavy thrust engine, the CF6-80E1, which will power the new Airbus A330 widebody twin engine aircraft. GE said yesterday Snecma would be responsible for all final assembly of the new engine. Paul Betts reports. Page 18

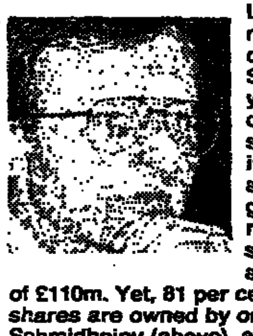
Carcio advances 9%

Carclo Engineering Group, the diversified engineering group, has posted a 9 per cent gain in interim pre-tax profits from £3.96m to £4.31m helped by a turnround in its net interest position. However, operating profits fell from £4.79m to £4m and the company said trading conditions had deteriorated since the end of the half-year period. Carclo lifted its interim dividend to 1.71p from 1.55p. Page 25

Earnings fall at Ferri

Ferri, the French stockbroking firm, yesterday became the latest on the Paris Bourse to report an earnings decline and a reduction in staff. Alain Ferri, group chairman, estimated that operating profits fell from FFr35m in 1989 to between FFr5m and FFr10m last year. The group, which used to have the largest workforce of any French stockbroking firm, has reduced its workforce from 240 in June to 212, all through natural wastage. Page 18

Optical oddity



Leica, the optical instruments group which came to the Unlisted Securities Market last year, remains something of an anomaly in the UK stock market. Following its merger with the acquisitive high-tech group Cambridge Instruments, Leica now has sales of over £500m and a market capitalisation of £110m. Yet, 81 per cent of the company's shares are owned by one man — Stephan Schmidheiny (above), a Swiss businessman who controls, with his brother, strategic stakes in Asea Brown Boveri and Swiss watch group SMH. Richard Gourlay charts Leica's transformation. Page 24

Japanese ad men go public

When Asatsu, one of the leading Japanese advertising agencies, announced its intention to go public three years ago, the other agencies in Tokyo and Osaka were astonished. Impressed by Asatsu's resounding success, others are now eager to follow suit, attracted as much by the lure of enhanced public prestige as by the additional capital it would provide for overseas expansion. But some Tokyo stock exchange regulations — particularly those governing the relationship between parent companies and subsidiaries — have become notoriously strict since the Recruit scandal. Alice Rawsthorn reports. Page 20

US drive into European waste

Waste Management, the leading US waste handling group, has stepped up its drive into Europe, a market which chairman Dean Buntrock says is up to a decade behind America in terms of watse disposal awareness. Due largely to management deftness and further environmental regulation, WM's net income has expanded at an extremely fast compound rate of 28 per cent over the past five years. Barbara Durr reports. Page 20

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Rheinmetall	284	+	9
Falls			
BMW (Br)	368	–	16
Daimler-Benz	531.5	–	17.5
Fag Kugelfisch	221	–	14
Hapag Lloyd	340	–	10
Lethelt	730	–	20

NEW YORK ($)

Rises			
Sun Microsystm	$22\frac{1}{2}$	+	$\frac{5}{8}$
Falls			
Citicorp	13	–	$\frac{3}{8}$
Eagle-Picher	$1\frac{1}{4}$	–	$1\frac{1}{2}$
Philip Morris	$48\frac{5}{8}$	–	$\frac{3}{4}$
Sallie Mae	$45\frac{5}{8}$	–	$2\frac{1}{2}$
UAL	$108\frac{3}{4}$	–	2

PARIS (FFr)

Rises			
Pollet	418	+	12
Falls			
Alcatel Als	535	–	14
Elf-Aquitaine	265.9	–	13.4
Midi (Cie)	958	–	28
Peugeot SA	498.1	–	20.9
Schneider	640	–	21

TOKYO (Yen)

Rises			
Sanyo Chemical	1170	+	70
Shin Nikkei	2520	+	170
Snow Brand Fd	749	+	55
Falls			
Daito Wool	1150	–	130
Matsuzakaya	4100	–	500
Sanrio	3050	–	450

LONDON (Pence)

Rises			
Bioscinds	44	+	3
Davies Newman	165	+	30
Dixons	139	+	5
First Tech	60	+	5
SelecTV	$12\frac{1}{2}$	+	$1\frac{1}{2}$
Telfos	110	+	10
WPP	80	+	10
Falls			
Allied-Lyons	477	–	13
Frogmore Ests	289	–	13
GKN	316	–	7
Lloyds Bank	290	–	8
Logica	152	–	6
Norton	15	–	6
P & O Defd	503	–	19
Proteus Intl	86	–	7
Rank Org	589	–	18
Thames TV	342	–	9
Wellcome	420	–	15

S&P cuts record number of credit ratings

By Nikki Tait in New York

THE GRIM financial condition of America's corporate sector was demonstrated graphically yesterday when Standard & Poor's, one of the largest US ratings agencies, revealed that it had downgraded long-term corporate credit ratings in 768 instances last year, a record figure.

This was double the number of downgradings made in 1988. Standard & Poors also reported that there were just 189 upgrades last year.

S&P analysts warned they expected downgrades to exceed upgrades again in the current year as the effects of the 1980s borrowing spree continue to be felt. But they stressed that the downgradings would centre on issues which are already tagged as speculative.

"Investment grade credits should hold up relatively well," said Mr Leo O'Neill, chief ratings officer.

Nevertheless, S&P still predicts that there could be defaults on $15bn-$20bn of corporate debt issued by US industrial companies in 1991. Last year, corporate debt defaults reached $14bn. That compares with an average annual figure of about $3bn in the previous four years, and about $1bn of defaults a year in the first half of the decade.

Last year's increase in downgradings was most marked for financial institutions, where the level more than doubled from 149 to 411. By contrast, upgradings fell from 70 to 44.

This partly reflected problems in the commercial banking sector — in particular, its exposure to property and highly-leveraged transaction loans. S&P noted that in the early-Eighties there were 15 US banks with triple-A ratings; today, J.P. Morgan is the only one.

S&P added, however, that it did not expect the Bank of New England situation to affect current rating levels since problems there were already well-known.

Within the financial sector, S&P also cited the potential impact of asset problems on US life insurers. It said that most of 1990s downgrading in the insurance industry involved life companies. In addition, the agency forecast that continued pressure on premiums might threaten the standing of some large property and casualty insurers. However, it stressed that these were still expected "to retain solid investment grade ratings".

On the industrial front, S&P noted that sectors most at risk during the current year included retailing, cars, airlines and casinos. There were 299 downgrades for industrial companies in 1990, compared with 159 in the previous year.

Municipal credit quality also fell sharply, with 474 ratings lowered on $48.2bn of debt, and only 131 ratings raised on $15.6bn of debt.

S&P added that the uncertain situation in the Gulf could pose an additional risk for the credit picture this year.

"An outbreak of armed conflict would be likely to ... deepen the recession," said Mr O'Neill.

"As a result, creditworthiness could deteriorate beyond Standard &Poor's current expectations," he added.

Lifeboat rushes in to New England storm

Peter Riddell and **Alan Friedman** report on the bailing out of the Bank of New England by Federal authorities

The Sunday night rescue by federal regulators of the Bank of New England — the big regional bank that became insolvent when commercial property loan losses wiped out its capital base — is more than just one of the biggest bank failures in US history. The collapse is further evidence of a shake-out caused by America's property crisis, spreading recession and weakened banking system. It also reflects the regional slump in the economy of New England.

The depressed state of US banking has already seen big New York banks such as Citicorp, Chase Manhattan and Chemical Bank slashing dividends, laying off thousands of workers and piling up billions of dollars of non-performing loans. It is likely that a sizeable bank merger will occur within the next year as events force rationalisation.

The Bank of New England (BNE), with $22bn of assets and operating banks in Massachusetts, Connecticut and Maine, has been taken over by a government agency, the Federal Deposit Insurance Corporation (FDIC), which itself is strapped for cash as it faces $9bn of bail-out related losses in the 1990-91 period.

Rescuing BNE involves a cash injection of $750m, part of a total government price tag of at least $2.3bn, and ranks close to the costs of the 1984 rescue of Continental Illinois and the 1988 bail-out of First Republic Bank of Texas.

The Federal authorities acted to protect depositors and the stability of the banking system, while helping the economy of the region.

BNE's bail-out, among the largest ever bank rescues, has implications both for further efforts likely to be needed to assist troubled banks and for the review of the deposit insurance system due to be unveiled by the Bush administration later this month.

The most controversial aspect of the rescue is that all deposits, not just those up to the insurance ceiling of $100,000, are being protected. Mr William Seidman, FDIC chairman, said this was necessary because of financial conditions in the region. This is in contrast with its decision a couple of months ago to protect only 50 cents in the dollar on all accounts larger than $100,000 in the Freedom National Bank of New York in Harlem.

But in the New England case Mr Seidman said, "any abrupt action at this time in this area was judged to be unwise". The fear was that if large depositors had not been fully protected, or there had been uncertainty, then money might have been withdrawn on a large scale from other troubled banks in the region.

However, the decision to protect all depositors reflects the dilemma of regulators and Congress in considering reform of deposit insurance. While there has been much talk of limiting the number of accounts of $100,000 or less which are protected, in reality the circumstances of a rescue often forces a blanket guarantee to be offered to ensure continued confidence in the system. The idea that some banks are "too big to fail" may be disavowed in theory but it is followed in practice.

The announcement by the Bank of New England that it expected fourth-quarter losses of up to $450m triggered "substantial deposit outflows" — of about $1bn — on Friday and Saturday. The bank has been teetering on the brink of disaster for a full year, ever since it disclosed $1.2bn of fourth-quarter 1989 losses and faced its first run on deposits.

The well-publicised, though unrelated problems of the Rhode Island banks and credit unions, produced fears of wider panic. Federal regulators had to act quickly.

There was a series of meetings over the weekend, involving the FDIC, the Comptroller of the Currency, the Treasury and the Federal Reserve.

The need for speed, and to offer a broader message of reassurance, also affected the method of rescue.

One option might have been just to take over the bank, as happened with Continental Illinois in 1984. Another approach offered by the holding company's bondholders would have involved swapping their debt into equity.

Instead, the regulators chose a method designed to protect depositors and keep the banks as potentially saleable institutions. Three bridge banks have been set up to take over from the previous banks and these were yesterday offering full banking services uninterrupted. This follows the $750m capital injection and assurances that the Federal Reserve system will, through its discount window, lend any money needed to meet liquidity needs. But equity and bond holders in the overall holding company are not being protected.

Until a year ago, BNE was an ambitious and expansive "super-regional" bank that piled into the 1980s property boom with something like wild abandon. In part, it was a victim of poor management. Under the leadership of Mr Walter Connolly, the chairman who was sacked 12 months ago, BNE made a fundamental mistake by allowing nearly 37 per cent of its total loan book to be concentrated in commercial property.

A third of BNE's $6.3bn of property loan portfolio is now in default and the bank may eventually have to declare up to $6bn of its $22bn of assets worthless, according to Mr Seidman.

Federal regulators forced the bank to sign a consent order last year to sell $6bn of assets and to co-ordinate all decisions with Washington under the new leadership of Mr Lawrence Fish, an able man who inherited the mess when he was named chairman last March.

Mr Fish said yesterday that BNE "was a classic lesson in the failure to diversify risk". The bank, he said, "lent too much, too aggressively, too quickly, for a number of years".

Last Thursday the bank's precarious position became unsustainable when its $255m capital base was wiped out by the projected $450m fourth-quarter loss. Mr Fish went to Washington, cap in hand.

Mr Robert Clarke, the Comptroller of the Currency, said the bankers told him they could no longer "push this rock up the hill".

Wall Street has long followed the bank's troubles and acted accordingly. BNE's share price has disintegrated — it stood at $23 in late 1989 and was suspended yesterday at 50 cents. The bank's bondholders, who attempted a last-ditch debt-for-equity rescue before Washington declared insolvency on Sunday, meanwhile watched BNE paper trade at about two cents on the dollar yesterday morning.

Mr Seidman hopes the banks can be sold before long and he has talked of having two active potential bidders, with a transaction expected to be announced soon.

However, the FDIC will have to take over $5bn to $6bn of non-performing assets, out of a total of $22bn, to make any sale attractive. This will involve estimated losses to the deposit insurance fund of around $2.3bn, but under its accounting procedures for anticipating losses, such an amount had been assumed in its projected losses of $4bn for 1990. The loss further reinforces Mr Seidman's call for an early recapitalisation of the fund by the banks.

William Seidman (left), head of a strapped FDIC, and Lawrence Fish of Bank of New England

Murdoch bond yields surge amid concern on debt talks

By Simon London

INTERNATIONAL bonds issued by News Corporation are now yielding up to 47 per cent, as investors display growing concern at the prolonged debt restructuring negotiations taking place between Mr Rupert Murdoch's media empire and its bankers.

News Corporation has borrowed heavily on capital markets and such high yields raise doubts about the group's ability to tap the markets at efficient interest rates in the future.

If the proposed $7bn three-year bank restructuring package is agreed, bankers have suggested that News Corporation may have to issue additional debt securities to refinance some of the bank debt at the end of this period.

The group currently has approximately $800m of bonds in issue, denominated in sterling, D-Marks and Swiss francs. The bonds were issued through a network of seven subsidiary companies such as News Cayman Finance, Newscorp Netherlands Antilles and News Publishers Finance.

Murdoch: talks drag on

In addition to straight Eurobonds, News Corporation has issued almost $1bn of preference shares which are exchangeable into the shares of Reuters and Pearson, owner of the Financial Times. Mr Murdoch acquired stakes in both Reuters and Pearson in the equity markets.

Analysts estimate that between a third and a half of these bonds have now been converted into shares, leaving perhaps $500m outstanding.

Traders in Europe said that News Corporation bond yields had been rising steadily during the past month as the debt restructuring talks had dragged on. For example, Newscorp Netherlands Antilles' SFr150m bond issue maturing in 1994 was trading at $35\frac{1}{4}$ per cent of face value yesterday, against $40\frac{3}{4}$ per cent early last week. This produces a yield of 47 per cent.

Representatives of News Corporation were in Geneva shortly before Christmas making presentations to the investment community, although it is not known whether existing bond issues were discussed.

Dealers in London reported very little trade in News Corporation paper over the past month.

TSB sells insurer to Axa-Midi

By David Barchard in London

TSB GROUP, the UK's sixth largest bank, is to sell Target Group, its ailing insurance subsidiary, to Equity & Law, the life assurance company owned by the French group Axa-Midi.

However, the terms of the deal mean that TSB, which acquired Target for £227m ($431m) in August 1987, will incur a substantial loss which will be shown as an extraordinary item in its 1990 results due on Thursday.

Not only will payment by Equity & Law for TSB's stake in equity will be deferred, but TSB is to make provisions against losses made by Target since the end of October 1989. Mr Don McCrickard, TSB chief executive, said yesterday that these were expect to exceed the sale price, though he declined to disclose any of the figures involved.

TSB's possible losses on the deal will not end there. It has also undertaken responsibility for some losses made by Target after its sale to Equity & Law is completed at the end of March.

TSB's stake in Target was worth £55m in October 1989 but since then it has dwindled rapidly. In the first half of last year, it made a loss of £27m.

Target's poor performance is attributed by stockbrokers' analysts in London to an unusually high rate of policy lapses. They said these hit its balance sheet with severity since it switched two years ago to using the embedded value method of calculating its profits.

The sale will bring Equity & Law a sales force of 180, along with 500 appointed representatives. At present the company has no sales force of its own and operates only through tied agencies.

Mr Duncan Kerr, Equity & Law chief actuary, said yesterday that the purchase would increase the company's representative salesforce by over 50 per cent and open up new business opportunities through a specialist broker salesforce.

Eagle-Picher forced to seek creditor protection

By Karen Zagor in New York

EAGLE-PICHER Industries, a US manufacturer whose products once included asbestos, yesterday filed for protection from creditors under Chapter 11 of the Federal Bankruptcy Code in an effort to resolve the company's asbestos liability.

The company had hoped to escape the bankruptcy courts, having tentatively agreed in November to settle litigation with asbestos victims by paying $750m over 20 years. It is facing about 65,000 outstanding injury claims so far.

Mr Thomas Petry, chairman of the Ohio-based company, said: "The liquidity crisis which precipitated the filing resulted from the need to satisfy the company's immediate asbestos litigation liability *through the sale of operating* assets, and was triggered by the failure of the buyers for the Eagle-Picher Mat division to fulfil a purchase contract."

Federal judge Jack Weinstein approved the consolidation of all present and future asbestos injury claims against Eagle-Picher into a nationwide, mandatory class action.

In the case of Manville, the US industrial group forced into Chapter 11 in the early 1980s by claims from asbestos victims, a trust established to assume legal liabilities for health claims against the company experienced a severe shortfall of funds. Unless a proposed package for the settlement of a class action suit is approved by the courts, victims may be forced to wait as long as 20 years before receiving compensation.

Judge Weinstein's Eagle-Picher decision was aimed at addressing some of the problems *which have plagued* US asbestos litigation. He hoped to reduce the time victims must wait to be paid, relieve courts from hearing individual cases, and cut the exorbitant legal and professional fees. But attorneys for the plaintiffs appealed against Judge Weinstein's decision, threatening to have him removed from the case.

Attorneys for the victims tried to force the company into involuntary bankruptcy in mid-December. It responded by filing a civil Racketeer Influence and Corrupt Organisations (Rico) suit against three prominent attorneys, alleging "malicious prosecution".

In spite of the bankruptcy protection procedures, the company still intends to operate as usual. Eagle-Picher expects to turn in operating income of about $48m for the year ended November 30. In 1989, it had sales of $729.9m.

Its shares are still trading in New York, where they plunged $1 yesterday to $1¾. At midday, the New York Stock Exchange indicated it might de-list the company's issues.

Racal fails to agree on price to supply GTS

By Richard Gourlay in London

RACAL Electronics, the UK electronics group, has failed to agree on a price to supply Whitehall departments with a government telephone system (GTS) that would have earned the company revenues of £1.5bn ($2.85bn) over 10 years.

Racal said the two sides had *failed* to agree on several commercial matters, one of which was price, while the government said Racal had been unable to offer the kind of service *required in terms of* value for money. Existing government data network (GDN) contracts with Racal would be unaffected by the collapse of the talks.

The loss of the contract further muddies the waters as Racal moves towards a proposed demerger and management buy-out which Sir Ernest Harrison, the Racal chairman, sprang on a surprised City last November.

Under the proposal the Racal Telecom subsidiary, which operates the profitable Vodafone cellular network and is 80 per cent-owned by Racal Electronics, would be distributed to Racal Electronics shareholders *and Racal Chubb, the security* group, would be floated.

Sir Ernest has said he will lead a management buy-out of the remaining Racal businesses – which include the government data network and would have included the superior telephone network.

Racal Electronics shares fell 5p to 169p with City analysts differing as to how great a loss it is to Racal and how it effects Sir Ernest's chances of leading an MBO. "It was disappointing because there was a lot of hope value attached to the government contract," said Mr Adam Quinton, broker at Phillips & Drew.

Brokers agreed losses from the government contracts, running at around £25m this year, are likely to fall from anticipated levels in the year ending March 1992 as Racal no longer has to finance the installation of switches.

Some brokers said the value of the government contracts had fallen from over £250m to £100m, representing a loss equivalent to 15p per share. Others estimated the value of the contracts had been halved to around £50m.

One option the Racal board was believed to be considering was the sale of the government contracts to Racal Telecom after their demerger. This *would not only place them in a* part of the demerged group where they would sit more comfortably but would also help cut the level of debt *remaining in the Racal Elec*tronics "rump".

The government invited Racal to talks on the proposed government telephone service *last February after* nearly a year of studying its needs. Individual departments are likely to examine their needs and contract individually with British Telecom or Mercury.

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Snecma to take share in new GE engine

By Paul Betts, *Aerospace Correspondent*

SNECMA, the French state-controlled aero-engine manufacturer, is increasing its long-standing co-operation links with General *Electric of the US in the commer*cial jet engine field by taking a 20 per cent share in a new heavy-thrust GE engine.

The new CF6-80E1 is the latest and most powerful version of GE's CFC-80 commercial jet engine *family* and will power the new Airbus A330 widebody, twin-engine aircraft.

Snecma said the new engine will have 73,000lbs of thrust and will come into commercial service in September 1993. So far airlines have ordered 81 widebody A330s to be powered by GE engines.

GE and Snecma have co-operated in commercial jet engines for the past 28 years including the CFM56 range, which *powers Boeing 737 and* Airbus A320 narrow body aircraft, the larger CF6-80C2 and the planned new GE90 big thrust engine programme.

Snecma has a 10 per cent production share in the CF6-80C2 engine but is doubling its share to 20 per cent in the new, more powerful, CFC-80E1 derivative.

GE said yesterday that Snecma would be responsible for all final assembly of the new engine. The French group is also building new parts in both the high and low pressure systems of the new engine.

The US group said MTU of Germany, Fiat of Italy and Volvo of Sweden would also continue to co-operate in the new CF6 derivative.

Although *the agreement* yesterday intensifies the co-operation between Snecma and GE in the commercial jet engine sector, Snecma confirmed yesterday that it was seeking partnerships with other manufacturers in *other aero-engine* fields.

Snecma is discussing with Rolls-Royce the development of power plants for the next generation of military aircraft. It has also agreed to co-operate with *Rolls-Royce* in the development of an engine to power a second generation supersonic passenger aircraft to replace Concorde.

A lasting and successful alliance

Paul Betts looks at the 20-year association between Snecma, the aero-engine company, and GE of the US. Snecma's decision to invest in a stake in the production of a new version of GE's CF6 engine, strengthens the ties between the two groups.

Louis Gallois: plans a more independent approach

SNECMA, the *French* state-controlled aero-engine company has been inexorably bound to General Electric of the US for the past two decades. The French company's agreement yesterday to invest in a 20 per cent stake in the production of a new higher thrust version of GE's CF6 large engine family to power the new Airbus A330 widebody aircraft, further strengthens the ties between the two groups in the civil jet engine sector.

But there are also increasing signs that under its new chairman, Mr Louis Gallois, Snecma intends to adopt a more independent approach and seek *new partnerships with other* international companies in other aero-engine sectors.

Its 20-year-old association with GE has radically transformed the French company. It has also prompted GE's American rival, Pratt & Whitney, to seek a similar alliance with a European partner by negotiating a wide-ranging partnership with Motoren Und Turbine Union (MTU), the German aero-engine manufacturer, part of the Daimler-Benz group.

Before entering into what has become one of the most successful and lasting industrial alliances between a US company and a European group, Snecma was heavily dependent on the military engine business which accounted for as much as two-thirds of its sales. Today, the situation has been completely reversed with commercial engines representing 75 per cent of Snecma's FFr13.5bn ($2.64bn) annual aero-engine turnover.

But although Snecma remains tied to GE in its mainstream commercial jet engine business, Mr Gallois said he was anxious to develop links with *other partners in other* fields including the military sector and the development of a new engine to power the next generation supersonic passenger *aircraft*.

Snecma is holding discussions with Rolls-Royce on the joint development of power plants for the future genera*tion of military aircraft. It also* recently entered a partnership with the UK aero-engine maker to study the joint development of a propulsion system for a new *supersonic* commercial aircraft for a second-generation Concorde.

In the defence sector, Snecma and GE are considering developing a military version of their joint CFM engine for use on a military transport aircraft. But apart from this venture, Snecma has no ties with GE in the military engine business and appears more interested in a collaboration on future military engines with Rolls-Royce.

One of its most important current military programmes is the development of the M88-2 engine to power France's new Rafale combat aircraft. "This engine is 100 per cent Snecma," said Mr Gallois.

He argues that the company's expertise in military engines is a "great technical asset" with significant technological "spill-over" effects on civil engine manufacturing. Indeed, he says he is concerned by the dramatic shift in the balance between military and civil engines in his group.

"The civil side now accounts for 75 per cent of our activity because military sales since 1980 have remained stable while commercial engine sales *have grown sharply. I think* 25 per cent military is not enough and I would like to see eventually the military side account for about 35 per cent sales."

*But it is an expensive busi*ness. Snecma is funding, out of its own resources, between FFr3bn and FFr4bn of the overall FFr10bn development costs of the Rafale power plant. With costs rising and the defence market undergoing a profound evolution as a result of east-west detente, Mr Gallois said the Rafale engine would be the last military programme Snecma would undertake on its own.

"The future is in co-operation," he emphasised. A Snecma official also confirmed the French company's preliminary discussions on future military engines with Rolls-Royce.

But it is the partnership with GE in the development of subsonic commercial jet engines which is likely to remain the dominant factor in shaping Snecma's longer-term strategy, especially now that Snecma is beginning to earn a return from the joint CFM56 engine programme with GE. Even by commercial aircraft engine *standards*, the pay-off has been long to come.

GE and Snecma agreed to work together on the engine in 1970. Snecma had also *approached Pratt & Whitney*, whose parent company United Technologies then owned a 12 per cent stake in the French group. Pratt at the time was *the dominant commercial jet* engine manufacturer controlling about 80 per cent of the world market and was not interested in developing a com*peting engine. Rolls-Royce, for* its part, was going bankrupt. This left GE which, like Snecma, was anxious to develop a new civil jet engine. But it was not until 1982 that the first CFM56 entered into service. Since then it has been a remarkable commercial success story.

More than 3500 CFM56 engines are today in service and over 7,000 firm orders have been placed for these engines with the number rising to 10,000 if options are included. Production of CFM56 is currently running at a rate of 65 engines a month and will rise to 100 a month in 1992.

On average, an aircraft equipped with CFM56 engines takes off every 17 second somewhere in the world. In *three* years' time, according to Snecma, more than a quarter of all take-offs by civil jet aircraft worldwide will be powered by the *CFM56*.

"As Snecma starts to earn more and more money from the CFM56 over the next 10 years, our biggest problem will *be how to spend* this money to become a major aero-engine company," explained Mr Gallois. After two very difficult years, when it lost FFr567m in 1987 and FFr26.6m in 1988, the group returned to profit in 1989. In the first half of last year, the Snecma engine company, the main component of the group, saw its net earnings rise to FFr61m from a profit of FFr25m for the first six months of 1989.

Snecma's chairman remains cautiously confident that demand for civil jet engines will remain sustained in the longer term, despite the current downturn in the civil aviation industry accelerated by the impact of the Gulf conflict on jet fuel prices and the general economic slowdown.

The lower dollar against the French franc was putting addi*tional* strain on the French company Mr Gallois said. He also warned the possibility of a drop in civil orders was a permanent risk.

To spread risks, Snecma needs to expand its product range, Mr Gallois explained. This would essentially involve increasing the number of new *engine programmes over the* next few years to six or seven. With GE, the French group is expanding and modernising the CFM56 family with the *development of two new* engines. Snecma agreed last year to take a 25 per cent stake in GE's $1.5bn programme to develop a new high thrust *engine, the GE90, to power the* new generation of widebody aircraft now under development by Boeing, McDonnell Douglas and Airbus.

GE and Snecma are also examining the development of a smaller engine to power new 100-seater regional jet aircraft programmes under consideration by a number of aircraft manufacturers.

Ferri cuts staff as earnings fall

By William Dawkins in Paris

FERRI, the French stockbroking firm, yesterday became the latest on the Paris bourse to report an earnings decline and a reduction in staff.

Mr Alain Ferri, group chairman, estimated that operating profits fell from FFr35m in 1989 to between FFr5m ($980,000) and FFr10m last year.

The group, which used to have the largest staff of any *French stockbroking firm, has* reduced its workforce from 240 in June to 212, all through natural wastage. On top of this, Mr Ferri plans to make 20 redundancies shortly.

Like the five other independent brokers left on the Paris market, Ferri has been affected by investors' growing tendency to do business with big institutionally owned firms which appear more secure.

The general squeeze on commissions last July led to the collapse of Tuffier et Associés, another independent broker, *which has since been taken* over by an offshoot of Crédit Lyonnais, the state-controlled bank.

However, Mr Ferri claims his firm has suffered a smaller decline in brokerage income than the average for the market.

Ferri's commission income on share dealing fell by 28 per cent to FFr80.2m, while its brokerage on the futures market rose by 40 per cent to FFr19.5m and commission from dealings on the options market rose by 70 per cent to FFr17.5m.

The group expects to remain profitable in the current year, even if stock market conditions do not improve.

Ciba-Geigy and Olin Corp to set up chip venture

By William Dullforce

CIBA-GEIGY, Switzerland's biggest chemicals group, is investing $70m in a joint venture on micro-electronic materials with Olin Corporation of Stamford, Connecticut, in the US.

Each company will have a 50 per cent stake in OCG Microelectronic Materials, which will combine their research, development, production and marketing of photoresists and polyimides used in making advanced semiconductors.

The world market for photoresists is valued at $250m a year and has been growing at a yearly rate of 8 to 10 per cent. Worldwide sales of the polyimides, used mainly as inter-communicating materials between chips in circuit boards, were between $50m and $60m in 1990. The market has been growing yearly by between 15 and 20 per cent.

OCG's sales are expected to be initially 60 per cent US, 40 per cent Europe. Photoresists will be sold in Japan and south-east Asia through Fuji-*Hunt Electronics, of which* OCG will own 49 per cent.

Teledyne income takes dive in fourth quarter

By Karen Zagor

TELEDYNE, the California conglomerate which last year spun off its finance and insurance subsidiaries, yesterday turned in sharply lower fourth-quarter net income, in line with expectations.

For the three months ended December 31, Teledyne had net profits of $800,000, or 1 cent a share, compared with $38.8m ($1.14) in the corresponding period a year earlier. Last year's results where boosted by $24.1m, or 44 cents a share, by income from discontinued operations.

Sales in the 1990 fourth quarter were $880.4m, against $883.4m a year ago.

The company said in December that its fourth-quarter earnings would "about break even".

For the whole of 1990, Teledyne posted net income of $94.8m, or $1.71 a share, on sales of $3.45bn. This compared with net income of $258.9m, or $4.66 a share, which included *$108.6m of income from* discontinued operations, on sales of $3.53bn in 1989.

It said its operating profit before taxes in 1990 was hurt by about $90m due to "provisions for losses from the performance of development and initial production fixed-price contracts. About $35m of this pre-tax charge was recorded in the fourth quarter."

The company attributed the deterioration of its earnings to the economic slowdown in the steel and automotive industries, estimated losses on the disposal of certain operating companies, settlements for aircraft product liabilities and strikes at some engine manufacturing sites.

The 1989 figures were restated to reflect the company's former insurance and finance subsidiaries as *discontinued operations*, and were adjusted for a 5-for-1 common stock split.

Teledyne's shares were unchanged at $16⅞ at *midsession yesterday on the* New York Stock Exchange.

Profits at Luxembourg banks decline by 15%

***By David Buchan* in Luxembourg**

THE SLOWDOWN in the business cycle and sharper competition from other banking centres reduced the profits (before provisions) of Luxembourg's powerful banking sector by 15 per cent last year, according to Mr Pierre Jaans, director-general of the Institut Monetaire Luxembourgeois (IML).

Mr Jaans, whose IML is the grand duchy's equivalent of a central bank, also said in an interview that provisions would have to be increased to take account, among other factors, of greater risks of loan exposure in eastern Europe and the Soviet Union, once considered solid bets for western bankers.

In 1989, Luxembourg banks recorded profits (before provisions) of LFr75.482bn ($2.45bn). Mr Jaans said preliminary figures available to the IML indicated that the 1990 figure would be some 15 per cent lower. This is despite the fact that the number of banks rose from 166 at the end of 1989 to 177 by the end of November 1990, with six French banks setting up in the duchy after the ending of capital controls in France last year.

The Association of Luxembourg Bankers (ALB) said there was nothing surprising about Mr Jaans' profit prediction, which was less bleak than *in many other financial* centres. An ALB spokesman said it could be compared to the 1986-87 downturn, though he admitted the problem was this time not just the cyclical effect of interest rates rises and stock market falls, but also because Luxembourg was now experiencing sharper competition from other financial centres.

Despite having to set aside larger provisions out of smaller profits for last year, Luxembourg banks will have no difficulty in meeting the new EC capital adequacy rules, Mr Jaans said.

When this directive is phased in during 1993-94, banks will have to have capital equal to 8 per cent of a weighted sum of their assets. The IML director general said half of the banks were already comfortably above the 8 per cent mark.

Canada Packers sells division

By Clay Harris, Consumer Industries Editor

CANADA Packers, Canada's largest food processing company, has sold its dairy division, which includes the Black *Diamond cheese brand, to Ault* Foods, a subsidiary of the diversified brewing group John Labatt, for about C$50m ($43.4m).

*The deal is the largest dis*posal completed since Hillsdown Holdings, the British food group, took control last June. Hillsdown owns 56 per cent of Canada Packers.

The dairy division had sales of C$158m in the year to March 31 1990.

Only one of its three plants *in Ontario will change hands.* Canada Packers will close the other two on January 31, eliminating 140 jobs.

Canada Packers last month *sold its peanut butter* operation for C$22.5m to CPC International.

It is also entertaining offers for its edible oils business, *Canada's largest.*

Morgan Stanley

European M&A Transactions in 1990

MERGERS & ACQUISITIONS
UNITED KINGDOM & IRELAND
MORGAN STANLEY

The Albert Fisher Group PLC
acquisition of a minority interest by
Corporate Partners

Amersham International plc
and Kodak Limited
formation of a joint venture company
to be called
Amerlite Diagnostics Ltd.

The Assets of Amoco (U.K.) Limited
(subsidiary of Amoco Corporation)
acquired by
Société Nationale Elf Aquitaine

BET PLC
sale of its subsidiary
Anglian Windows
to
Mastervital

The Consumers' Gas Company Ltd.
(controlled by GW Utilities Ltd.)
acquired by
British Gas plc

Goodman International Ltd
pending recapitalization

J.R. Crompton Ltd.
(subsidiary of Bunzl plc)
acquired by
Portals Holdings PLC

Lloyds Bank Canada
(subsidiary of Lloyds Bank PLC)
acquired by
The Hongkong Bank of Canada
(subsidiary of The Hongkong and Shanghai Banking Corporation Limited)

The Portuguese Operations of Lloyds Bank PLC
pending acquisition by
Banco Bilbao Vizcaya S.A.

Lloyds Bank USA
(subsidiary of Lloyds Bank PLC)
acquired by
The Daiwa Bank, Ltd.

Marubeni Corporation
acquired
Birkbys Plastics Ltd
(subsidiary of General Electric Company and Siemens AG)

The Morgan Stanley Leveraged Equity Fund II, L.P.
and
An investment group led by Fitzwilton Public Limited Company
have acquired through a jointly owned company a 29.9% interest in
Waterford Wedgwood PLC

Rechem *Environmental* Services PLC
proposed merger with
Shanks & McEwan PLC

Tioxide Group PLC
(interest held by Cookson Group plc)
acquired by
Imperial Chemical Industries PLC

The North American Packaging and Commercial Ink Business of BASF Corporation
acquired by
Sun Chemical Corporation
(subsidiary of Dainippon Ink & Chemicals, Inc.)

Joh. A. Benckiser GmbH
acquired
The North American Household Products Business of SmithKline Beecham PLC

Joh. A. Benckiser GmbH
and
Hoechst AG
sale of a 50% interest in
Benckiser–Knapsack GmbH

Holzstoff Holding AG
acquired
The Non-Woven Products Division of James River Corporation

The German Paper Operations of Holzstoff Holding AG
acquired by
Myllykoski Oy

Marsh & McLennan Companies, Inc.
acquisition of a majority interest in
Gradmann & Holler

The Morgan Stanley Leveraged Equity Fund II, L.P.
through
MS Cargo Van Holdings GmbH
acquired
Automotive Equipment Beteiligungs GmbH

The Assets of The Polysar Rubber Division of NOVA Corporation of Alberta
acquired by
Bayer AG

The Home and Garden Business of Shell Agrar GmbH & Co. KG of Royal Dutch/Shell Group
acquired by
Rhône–Poulenc S.A.

Siemens Aktiengesellschaft Österreich
acquired
AMS Industries plc

Spectra–Physics, Inc.
(subsidiary of *CIBA-GEIGY Corporation*)
acquired by
Pharos AB

The Pharmaceutical Business of Triton Biosciences Inc.
(subsidiary of Shell Oil Company)
acquired by
Schering AG

Vista Chemical Company
pending acquisition by
Alpha Acquisition Corp.
(subsidiary of RWE-DEA Aktiengesellschaft für Mineraloel und Chemie)

Westdeutsche Landesbank Girozentrale
acquired
Selected European Operations of Standard Chartered PLC

Westdeutsche Landesbank Girozentrale
and
Standard Chartered PLC
joint venture of their European merchant banking and corporate finance activities

MERGERS & ACQUISITIONS
SPAIN
MORGAN STANLEY

La Toja, Antica Erboristeria and certain assets of the European Personal Care Division of The Gillette Company
acquired by
Nobel Consumer Goods A.B.
(subsidiary of Nobel Industries A.B.)

Telefónica de Argentina S.A.
(subsidiary of Empresa Nacional de Telecomunicaciones)
acquired by
a consortium led by
Telefónica de Espana S.A., Citicorp and *Inversora Catalinas* S.A.

MERGERS & ACQUISITIONS
ITALY & GREECE
MORGAN STANLEY

J/Mont N.V.
(joint venture between Montedison S.p.A., James River Corporation of Virginia and Nokia Corporation)
acquired
Cartellas S.A.
and
Achaia Papermill S.A.

Prince Holdings, Inc.
acquired by
Edizione Holding S.p.A.

S.A.C.I. S.p.A.
(subsidiary of Montedison S.p.A.)
merged certain tissue paper and other related operations with
James River International Holdings, Ltd.
(subsidiary of James River Corporation of Virginia)
to form
J/Mont N.V.

S.A.C.I. S.p.A.
and
James River International Holdings, Ltd.
exchanged 20% of the capital stock of
J/Mont N.V.
for 50% of the capital stock of
J/Mont-Nokia N.V.
(subsidiary of Nokia Corporation)

Telecom Argentina STET – France Telecom S.A.
(subsidiary of Empresa Nacional de Telecomunicaciones)
acquired by
a consortium led by
STET – societa finanziaria telefonica p.a.,
France Cables et Radio S.A.,
J. P. Morgan & Co. Incorporated,
Compañía Naviera Perez Companc S.A.

MERGERS & ACQUISITIONS
BELGIUM, NETHERLANDS & LUXEMBOURG
MORGAN STANLEY

N.V. AMEV
merger of its entire operations with those of
Groupe AG

Arbed S.A. and Furukawa Electric Co., Ltd.
acquired
The International Businesses of Yates Industries, Inc.
(subsidiary of Square D Company)

Bührmann-Tetterode N.V.
acquired
Robert Horne Group plc

Groupe Cockerill Sambre
acquisition of a controlling interest in
YMOS AG

Monumental Life Insurance Company
(subsidiary of Aegon N.V.)
acquired
The Home Services Division of Washington National Insurance Company

NKF Holding N.V.
acquisition of a 51% interest by
Nokia Corporation

Yamanouchi Pharmaceutical Co., Ltd.
pending acquisition of
The Pharmaceutical Division of Royal Gist-brocades nv

MERGERS & ACQUISITIONS
NORDIC COUNTRIES
MORGAN STANLEY

ABB Electric Inc.
(subsidiary of Asea Brown Boveri Inc.)
acquired by
MagneTek, Inc.

C-E Minerals of Combustion Engineering, Inc.
(subsidiary of Asea Brown Boveri Inc.)
acquired by
IMETAL

Combustion Engineering, Inc.
acquired by
ABB Asea Brown Boveri Ltd.

Sprout–Bauer Companies of Combustion Engineering, Inc.
(subsidiary of Asea Brown Boveri Inc.)
pending acquisition by
Maschinenfabrik Andritz AG

The Hong Kong Operations of Den norske Bank
pending acquisition by
Unibank of Denmark

Misomex
(subsidiary of Dyson-Kissner Moran Corporation)
acquired by
Baldwin Technology Company

Neste Oy
pending acquisition of
MCN
(a joint venture between Akzo N.V. and N.V. DSM)

AB Nobel Plast
(subsidiary of Nobel Industries Sweden AB)
acquired by
Den Norske Stats Oljeselskap A.S.

Nordbanken
acquired by
PKbanken

The Swedish Match Consumer Products Operations of Stora Kopparbergs Bergslags AB
acquired by
A Scandinavian led Investor Group

TVH Acquisition Corporation
(formed by Trygg-Hansa Holding AB, Vik Brothers International and other Investors)
pending acquisition of
The Home Insurance Company
(subsidiary of Ambase Corporation)

FRANCE
MORGAN STANLEY

ACCOR S.A.
acquired
Motel 6, L.P.

Alexis Lichine et Cie S.A.
(subsidiary of Bass PLC)
acquired by
Société des Vins de France S.A.
(subsidiary of Groupe Pernod Ricard)

Thorofare N.J. Fluorochemical Operations of Atochem North America, Inc.
acquired by
Ausimont N.V.

The Bostik Division of The Black & Decker Corporation
acquired by
Orkem S.A.

Norton Company
acquired by
Compagnie de Saint-Gobain

Parfums Stern
(subsidiary of Avon Products, Inc.)
acquired by
Safrep
(affiliate of Sanofi S.A.)

Pierre Cardin's Prestige Perfumes Inc.
(subsidiary of American Cyanamid Company)
acquired by
Pierre Cardin

Somfy S.A.
acquired
The Simu Division of Poliet

Certain undisclosed transactions have been omitted

MORGAN STANLEY INTERNATIONAL

هكذا من الأصل

Japanese ad men tackle their toughest campaign

Alice Rawsthorn looks at plans by three leading agencies to follow Asatsu on to the stock exchange

WHEN Asatsu, one of the leading Japanese advertising agencies, announced its intention to go public three years ago, its decision caused consternation among its fellow agencies.

All the other Japanese agencies were, after all, in private hands. The concept of a publicly-quoted company seemed out of place against this long tradition of private ownership and the idiosyncratic structure of the Japanese advertising system.

Three years later, Asatsu's flotation is considered to have been a resounding success. It shares have outperformed the Tokyo stock market. Three other advertising agencies – Tokyu Agency, Dai-Ichi Kikaku, and Daiko – are now finalising plans to follow Asatsu on to the stock market.

Tokyu and Dai-Ichi Kikaku, the third and fourth largest agencies in Japan, are restructuring their finances before applying to join the Tokyo stock market this spring. Daiko, the number five agency, is said to be considering a flotation in Osaka.

One reason for this sudden surge of interest in flotations is that the other agencies have been impressed by Asatsu's share price performance. Asatsu itself, according to its president, Mr Masao Inagaki, is pleased with the decision to go public.

TOP 10 JAPANESE AGENCIES IN 1989 (Ranked by turnover)

Dentsu
Hakuhodo
Tokyu Agency
Dai-Ichi Kikaku
Daiko Advertising
Asatsu
Yomiko Advertising
I&S Corp.
McCann Hakuhodo
Asahi Advertising

Source: Advertising Age

However, the agencies have other motivations. They see flotation as a way of raising their status within the Japanese advertising industry and also as a means of raising capital to finance their expansion into other countries.

The issue of status is of peculiar importance to the agencies because of the balance of power in the Japanese advertising industry, which is dominated by two giant agencies, Dentsu and Hakuhodo.

Dentsu and Hakuhodo have towered over their competitors for decades. Dentsu alone accounted for almost a quarter of the Y5,071bn ($39bn) spent on advertising in Japan in 1989 and Hakuhodo for another fifth. The sheer scale of their buying power means these agencies exercise considerable influence over the Japanese media. Their position is so powerful that they effectively act as media brokers, selling newspaper space and television time on to other agencies.

This makes it very difficult for the smaller agencies to expand. They tend to do so by carving out their own areas of expertise. In Asatsu's case, it's the creation of children's cartoons for television. Dai-Ichi Kikaku is heavily involved with radio advertising. Tokyu has benefited from its political contacts.

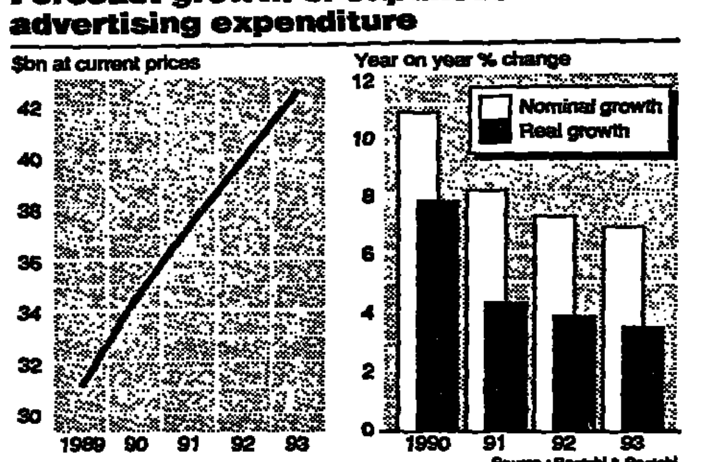
Going public is, said Mr Shoichi Nakagawa, senior managing director of Tokyu, yet another way for agencies to "create a clear position in the market", thereby differentiating themselves from Dentsu and Hakuhodo.

It also offered an opportunity for the agencies to raise capital for international expansion. Until recently, Japanese agencies have tended to concentrate on protecting their position in the Japanese market. Asatsu, for instance, makes less than 1 per cent of its income outside Japan. Tokyu makes virtually none.

However the Japanese agencies are now becoming more active overseas. This is partly due to concern that the domestic market is becoming increasingly competitive after years of healthy growth, and partly because they fear they will miss out on expansion opportunities as yet more Japanese companies diversify into other countries.

Mr Masaaki Yabe, managing director of Dai-Ichi Kikaku's overseas division, is convinced the future success of the Japanese agencies will be determined by their ability to operate as international networks.

Forecast growth of Japanese advertising expenditure



Source: Saatchi & Saatchi

Going public offers an opportunity to raise the capital needed to create - and maintain - an overseas operation. Asatsu is already in the closing stages of negotiations with BBDO – the US agency owned by the Omnicom marketing group, with which Asatsu already has a joint venture in Japan – over the formation of an international network. Daiko plans to extend its liaison with Grey, its US partner. Dai-Ichi Kikaku is in discussions with a number of potential partners.

However, the agencies face a number of obstacles as they prepare for flotation. The regulations imposed by the Tokyo stock exchange are notoriously strict particularly, since the Recruit scandal, in the area of the relationship between parent companies and subsidiaries.

This poses problems for the advertising agencies, given that many have formed joint ventures with Western partners. Tokyu, for instance, formed a joint venture, Tokyu International Advertising, originally with D'Arcy Masius Benton & Bowles, the US agency. Tokyu must sever all connection with TIA, a subsidiary of its parent company, Tokyu Group, before being allowed to go public.

In many ways the stock exchange regulations are the least of the problems facing the Japanese agencies as they finalise plans for flotation.

The Japanese advertising market is maturing. There was a significant slowdown in advertising expenditure last autumn because of the uncertainty caused by the the Gulf crisis and the stock market slump. The outlook for this year is even gloomier.

Asatsu went public at a time when the Japanese advertising market was extraordinarily buoyant. Tokyu, Daiko and Dai-Ichi Kikaku are preparing to do so in a much more competitive climate.

Improved ore grades bolster Gold Fields

By Philip Gawith in Johannesburg

IMPROVED ore grades at seven South African gold mines in the Gold Fields group helped them overcome a decline in the gold price and record increased profits in the quarter to December.

Tons milled in the group declined marginally from 3.59m to 3.54m tons, due mainly to losses in production following underground fires at Deelkraal and Doornfontein, and the winding down of operations at Vlakfontein. However, an increase in the average yield per ton of ore milled meant the total amount of gold produced rose 3 per cent to 28,178kg.

This was sufficient to offset the decline in the average price of gold received to R31,239 from R31,752 ($12,500) per kg so that gold revenue was slightly higher at R881m, compared with R869m. Working costs were well controlled, and after-tax profits were up at R238m from R214m, against which must be set the large capital expenditure figure of R203.6m.

Mr Alan Munro, executive director in the gold division, stressed that the industry's position remained "sombre". He added: "On all our mines, particularly the high payers which have got fat, a lot of effort is going into trimming the fat." As yet there have been no retrenchments on Gold Fields mines and the group has two new mines which offer employment opportunities.

At Driefontein Consolidated, East Driefontein returned to more normal production levels following problems in the previous quarter. West Driefontein achieved an increase in yield to 11.3 grams per ton from 10.8. Gold produced rose to 7,947kg from 7,234kg while tons milled was constant. Overall after-tax profit at Driefontein rose from R108.3m to R130.9m.

Kloof, the group's other heavyweight mine, had a less fortunate quarter. Ore milled and yield were maintained, but costs per ton milled rose from R215.3 to R223.3. This contributed to a decline in after-tax profits from R96.6m to R90.9m.

Of the other mines, Venterspost had another poor quarter, with an operating loss of R6.8m. Mr Munro said development of the new No 4 shaft complex, where production would ultimately shift, was going well.

He could not say when production at Doornfontein, closed after fires last month, would resume. He said plans to restore production would incorporate "previous endeavours to restore profitability of the mine by rationalisation of the scale of operations."

Waste company stalks fresh prey in Europe's green growth

Barbara Durr meets the big game hunter who heads the US environmental group Waste Management

A FEW years ago, Mr Dean Buntrock, chairman of the US company Waste Management, scented opportunity in the not-so-green pastures of Europe.

In some areas, Europe's handling of waste is estimated to be about five to 10 years behind that of the US, and Mr Buntrock wanted to position his company, the world waste-handling leader, to ride atop the green wave expected to roll through Europe this decade.

Mr Buntrock is a long way towards his goal. In the past 18 months, Waste Management has made a series of acquisitions and joint ventures that have sent the company's European yearly revenues rocketing from less than $50m to more than $700m.

Waste Management can now claim a presence in six European countries: Germany, Italy, Spain, Denmark, the Netherlands and Sweden. And this year it is seeking partners for further acquisitions or joint ventures in the UK and France.

The company has not disclosed the amount it has invested nor its war chest. But their strategy has won high marks. "We think... they're well-positioned. Europe is the next big opportunity," said Mr Oliver Nicklin of Chicago-based First Analysis, an investment advisory business specialising in "green" industries.

Mr Buntrock, a big game hunter whose office is adorned with such trophies as moose heads and brown bears, knows the virtues of stalking, patience and an accurate aim.

He is building the company internationally in much the way he has built it domestically – getting in and staying ahead of the regulatory curve. He is also credited by analysts and his peers with an uncanny sense of opportunity.

Four years ago, Mr Buntrock foresaw that recycling would be an important new business for the US solid waste industry. Starting from zero then, the company's recycling business has swelled to more than 300 municipal contracts, representing about 7m people.

It has also struck agreements for recycling plastics with Du Pont, and metal and paper containers with American National Can and Stone Container.

During the past five years it has achieved average compound growth rates of 28 per cent for revenue and 32 per cent for net income. Total revenues last year were about $5.5bn, against $656m 10 years ago.

It has the largest solid waste operations in north America, including collection services for more than 8m homes and 814,000 commercial and industrial customers.

It operates 126 landfills in 35 states and two Canadian provinces, is north America's largest provider of recycling collections and has the nation's largest hazardous waste operations through its subsidiary Chemical Waste Management.

This year it also increased its equity stake in Wheelabrator Technologies, the leading US developer of waste-to-energy systems, from 22 per cent to 55 per cent.

However, the company must contend with criticism from some environmental groups. Greenpeace, for example, is preparing a document attacking the company for alleged corruption and persistent violation of anti-trust and environmental laws.

However, industry analysts and some green activists say the company is environmentally sensitive.

It has begun its European expansion largely through collection and disposal services, but it expects the industry in the European Community to become as regulation-driven as it is in the US.

As US rules toughened, the private, low-cost operators were forced to upgrade or sell out. Cities and towns, which once had their own collections and dumps, have moved to contract to more high-tech private companies. Waste Management reckons that Europe will follow the same path.

Mr Buntrock expects European competition to be tough. For example, Europeans tend to incinerate more than the Americans and there is greater use of waste energy plants.

While Europe represents the company's first big burst of foreign expansion, its international operations – which it is considering spinning off as a separate company – cover Saudi Arabia, Venezuela, Argentina, Australia, New Zealand, Hong Kong and China.

Banks seek to reduce EIE debt

By Robert Thomson in Tokyo

EIE International, the privately-held Japanese property developer with extensive foreign interests, yesterday confirmed its banks had increased their management role, but denied reports that the company was facing receivership.

The Long-Term Credit Bank of Japan, the leading lender to the EIE group, is to send specialists to the company to examine ways of reducing the outstanding debt, estimated at Y500bn ($3.7bn), and has promised to assist in covering interest payment obligations.

EIE says the sharp rise in Japanese interest rates over the past year has caused financial problems. It indicated yesterday that the company could sell off property interests outside its core business of resort development in the southern Pacific region.

The company controls office buildings, hotels and golf courses in the US, UK, Australia, Thailand and New Zealand, and has a half share in an Australian university founded by the businessman Mr Alan Bond.

Mr Harunori Takahashi, EIE's president, and Mr Bond have jointly developed several projects, and the Japanese company bought the Bond Centre building in Hong Kong from the troubled Australian entrepreneur.

"We would not be telling the truth if we pretended that we are not having problems, but our core businesses are strong. Interest rates have practically doubled in the past year, and that is a big headache for our company," EIE said.

Apart from the Long-Term Credit Bank, which says its own exposure is around Y100bn, EIE's other main banks have been Mitsui Trust and Banking, Sumitomo Trust and Banking, and the Nippon Credit Bank.

EIE said the banks sent directors to the company over a year ago. They were now "fortifying their relationship".

Brazil to rescue state shipper

THE BRAZILIAN government has announced a US$51m rescue package for Lloyd Brasileiro, the ailing state-owned maritime group, writes Victoria Griffith in Sao Paulo.

Under the scheme, Lloyd's short-term debt is being paid off in order to free nine ships confiscated by creditors in Europe, the US and Canada. According to Dr Jarbas Passarinho, justice minister, the funds will be released by the government this week at the latest to prevent creditors from auctioning off the ships. Two vessels are now under threat of auction.

In December, President Collor announced the decision to either extinguish or privatise Lloyd, which carries total debts of US$300m.

Inco raises gold interests

By Robert Gibbens in Montreal

THE WESTERN world's biggest nickel producer, Inco, is becoming a medium-sized gold and silver producer.

The merger of its Inco Gold subsidiary with Consolidated TVX Mining was approved by TVX shareholders. The continuing TVX Gold will be 62 per cent-owned by Inco and will hold interests in six properties with estimated 1991 net output of 350,000 to 400,000 ounces of gold and silver equivalent.

TVX Gold will have 60 per cent of two former Inco Gold operations in north-western Quebec that started production in 1988; 50 per cent of La Coipa in Chile, already a producer of gold and silver; half a Montana gold producer; and interests in four Brazilian operations.

Average cash production costs will be about US$200 an oz and known reserves are estimated at 7m oz of gold and equivalent.

At September 30 1990, TVX Gold had pro forma assets of US$250m, long-term debt of US$37m, and 9 months' net profit was US$11.8m.

Mr David James, mining analyst at Richardson Greenshields Canada, says that TVX Gold, in stock market terms, will rank with Pegasus Gold, a solely North American producer, and Cambior, mainly a Quebec producer but expanding overseas.

● Shell Canada is paying C$100m for Gulf Canada Resources' 10 per cent working interest in the Caroline gas field north west of Calgary.

Gold Mining Companies' Quarterly Reports for the quarter ended 31 December 1990

All companies are incorporated in the Republic of South Africa

Driefontein Consolidated

Driefontein Consolidated Limited
(Registration No. 68/04880/06)

ISSUED CAPITAL: 204 000 000 shares of 50 cents each, fully paid.

	Quarter ended 31 Dec. 1990	*Quarter ended 30 Sept. 1990*	*Six months ended 31 Dec. 1990*
OPERATING RESULTS			
Gold – East Driefontein			
Ore milled (t)	720 000	695 000	1 415 000
Gold produced (kg)	5 923,6	5 605,2	11 528,8
Yield (g/t)	8,2	8,1	8,1
Price received (R/kg)	31 034	31 754	31 384
Revenue (R/t milled)	255,64	256,41	256,02
Cost (R/t milled)	152,23	159,79	155,94
Profit (R/t milled)	103,41	96,62	100,08
Revenue (R000)	184 058	178 305	362 363
Cost (R000)	109 603	111 051	220 654
Profit (R000)	74 455	67 154	141 609
Gold – West Driefontein			
Ore milled (t)	705 000	705 000	1 410 000
Gold produced (kg)	7 947,4	7 234,0	15 181,4
Yield (g/t)	11,3	10,3	10,8
Price received (R/kg)	31 305	31 745	31 515
Revenue (R/t milled)	353,37	326,18	339,77
Cost (R/t milled)	172,98	172,29	172,63
Profit (R/t milled)	180,39	153,89	167.14
Revenue (R000)	249 123	229 957	479 080
Cost (R000)	121 950	121 463	243 413
Profit (R000)	127 173	108 494	235 667
Reclamation plant — West Driefontein			
Treated (t)	600 000	600 000	1 200 000
Gold produced (kg)	401,8	454,5	856,3
Yield (g/t)	0,7	0,8	0,7
Revenue (R000)	12 541	14 527	27 068
Cost (R000)	4 040	3 670	7 710
Profit (R000)	8 501	10 857	19 358
FINANCIAL RESULTS (R000)			
Working profit: Gold and reclamation plant	210 129	186 505	396 634
Tribute royalties	1 029	1 646	2 675
Net mining revenue	211 158	188 151	399 309
Net sundry revenue (group)	29 527	13 403	42 930
Recovery under loss of profits insurance	—	1 196	1 196
Profit before tax and State's share of profit	240 685	202 750	443 435
Tax and State's share of profit	109 786	94 410	204 196
Profit after tax and State's share of profit	130 899	108 340	239 239
Capital expenditure	44 286	45 124	89 410
Dividend	122 400	—	122 400

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 December 1990 was R806,6 million.

DIVIDEND. A dividend (No. 35) of 60 cents per share was declared on 11 December 1990, payable to members on or about 6 February 1991.

EAST DRIEFONTEIN

No. 5 Sub-Vertical Shaft-E. The permanent headgear steelwork was installed and equipping of the shaft commenced.

No. 7 Ventilation Shaft-E. The plinths for the headgear and foundations for the stage-winder have been laid. The shaft was sunk to a depth of 16 metres in the pre-sinking phase.

No. 1 Tertiary Shaft-E. The support and lining of the headgear portion and the excavation of 34 Level station was completed. The kibble and stage winders were installed.

WEST DRIEFONTEIN

No. 9 Sub-Vertical Shaft-W. Excavation of the headgear dome on 21 Level continues. A vertical hole has been raise-bored from 21 to 23 Level and sliping of this hole to full size from 22 Level downwards has commenced. The raise-boring of rock-passes between 21 and 23 Levels was completed.

On 21 Level the excavation of the south man-winder and rock-winder chambers continues. Civil work is in progress in the north man-winder chamber.

The installation of kibble and platform winders on 22 Level continues.

No. 9 Shaft-W. Site preparation for this shaft has commenced.

On behalf of the board

A. H. Munro
B. R. van Rooyen } *Directors*

7 January 1991

Kloof

Kloof Gold Mining Company Limited
(Registration No. 64/04462/06)

ISSUED CAPITAL: 121 100 000 shares of 25 cents each, fully paid.

	Quarter ended 31 Dec. 1990	*Quarter ended 30 Sept. 1990*	*Six months ended 31 Dec. 1990*
OPERATING RESULTS			
Gold			
Ore milled (t)	540 000	540 000	1 080 000
Gold produced (kg)	6 776,2	6 691,3	13 467,5
Yield (g/t)	12,5	12,4	12,5
Price received (R/kg)	31 161	31 765	31 461
Revenue (R/t milled)	391,64	394,26	392,95
Cost (R/t milled)	223,28	215,30	219,29
Profit (R/t milled)	168,36	178,96	173,66
Revenue (R000)	211 488	212 899	424 387
Cost (R000)	120 573	116 263	236 836
Profit (R000)	90 915	96 636	187 551
FINANCIAL RESULTS (R000)			
Working profit: Gold	90 915	96 636	187 551
Net sundry revenue	359	1 275	1 634
Profit before tax	91 274	97 911	189 185
Tax	(44)	566	522
Profit after tax	91 318	97 345	188 663
Capital expenditure	123 566	130 761	254 327
Dividend	48 440	—	48 440

CAPITAL EXPENDITURE

(a) The unexpended balance of authorised capital expenditure at 31 December 1990 was R659,0 million.

(b) Included in the total of capital expenditure for the quarter ended 31 December 1990 is an amount of R90,2 million in respect of Leeudoorn.

DIVIDEND. A dividend (No. 42) of 40 cents per share was declared on 11 December 1990, payable to members on or about 6 February 1991.

KLOOF

No. 4 Sub-Vertical Shaft-K. The shaft was sunk 272 metres to a depth of 1 075 metres below the collar on 23 Level.

No. 4 Sub-Vertical Ventilation Hole-K. The ventilation hole was reamed to a diameter of 4,4 metres over a total length of 737 metres.

LEEUDOORN

No. 1 Sub-Vertical Shaft-L. The shaft was sunk 132 metres to a depth of 576 metres below the collar on 23 Level. The station on 31 Level was excavated.

Preparation for Production

Metallurgical Plant. Commissioning of the plant continued and all sections were loaded with pulp from the milling of waste rock.

Underground. Stoping operations commenced in the 67 Longwall and preparation work continued in the scattered mining raises. The ore produced was stockpiled on surface.

On behalf of the board

A. H. Munro
B. R. van Rooyen } *Directors*

7 January 1991

Venterspost

Venterspost Gold Mining Company Limited
(Registration No. 05/05632/06)

ISSUED CAPITAL: 20 200 000 ordinary shares of 25 cents each, fully paid.
29 800 000 deferred shares of 25 cents each, fully paid.

	Quarter ended 31 Dec. 1990	*Quarter ended 30 Sept. 1990*	*Six months ended 31 Dec. 1990*
OPERATING RESULTS			
Gold			
Ore milled (t)	390 000	390 000	780 000
Gold produced (kg)	1 395,1	1 369,3	2 764,4
Yield (g/t)	3,6	3,5	3,5
Price received (R/kg)	30 938	31 732	31 331
Revenue (R/t milled)	110,82	111,61	111,21
Cost (R/t milled)	128,23	135,91	132,07
Profit/(loss) (R/t milled)	(17,41)	(24,30)	(20,86)
Revenue (R000)	43 220	43 530	86 750
Cost (R000)	50 011	53 006	103 017
Profit/(loss) (R000)	(6 791)	(9 476)	(16 267)
FINANCIAL RESULTS (R000)			
Working profit/(loss): Gold	(6 791)	(9 476)	(16 267)
Net sundry revenue	5 548	4 939	10 487
Recovery under loss of profits insurance	—	155	155
Profit/(loss) before tax	(1 243)	(4 382)	(5 625)
Tax	—	—	—
Profit/(loss) after tax	(1 243)	(4 382)	(5 625)
Capital expenditure			
Existing mine	739	616	1 355
No. 4 Shaft Project	12 885	10 512	23 397

CAPITAL EXPENDITURE. *The unexpended balance of authorised capital* expenditure at 31 December 1990 was R151,3 million.

DIVIDEND. No interim dividend was declared.

RATIONALISATION OF OPERATIONS. The scale of operations and consequently the manpower requirements of the mine are being rationalised in an endeavour to restore profitability.

No. 4 SHAFT COMPLEX. The shaft was sunk 162 metres to a depth of 940 metres below collar. The cutting of 9 and 10 Level stations and their associated development was completed. Currently work on the 11 Level station and development is in progress. The 10 Level haulage from Venterspost No. 1 Shaft *advanced 277 metres and holed with the No. 4 Shaft complex in early November.* The 24 Level haulage advanced 341 metres to a total 1 137 metres and is now 34 per cent complete.

On behalf of the board

A. H. Munro
C. J. Ross } *Directors*

7 January 1991

Vlakfontein

Vlakfontein Gold Mining Company Limited
(Registration No. 05/06155/06)

ISSUED CAPITAL: 6 800 000 shares of 20 cents each, fully paid.

	Quarter ended 31 Dec. 1990	*Quarter ended 30 Sept. 1990*	*Six months ended 31 Dec. 1990*
OPERATING RESULTS			
Gold – Surface sources			
Ore milled:			
from surface dumps (t)	6 000	29 500	35 500
from outside sources (t)	—	—	—
Total milled (t)	6 000	29 500	35 500
Gold produced (kg)	32,0	73,0	105,0
Yield (g/t)	5,3	2,5	3,0
Price received (R/kg)	31 420	31 654	31 583
Revenue (R/t milled)	168,00	78,51	93,63
Cost (R/t milled)	364,67	94,14	139,86
Profit/(loss) (R/t milled)	(196,67)	(15,63)	(46,23)
Revenue (R000)	1 008	2 316	3 324
Cost (R000)	2 188	2 777	4 965
Profit/(loss) (R000)	(1 180)	(461)	(1 641)
FINANCIAL RESULTS (R000)			
Working profit/(loss): Gold	(1 180)	(461)	(1 641)
Net sundry revenue	362	250	612
Profit/(loss) before tax	(818)	(211)	(1 029)
Tax	—	—	—
Profit/(loss) after tax	(818)	(211)	(1 029)
Capital expenditure	(31)	(195)	(226)

DIVIDEND. No interim dividend was declared.

PRODUCTION. Recovery through the clean-up process of gold locked-up in and around the plant was completed during the quarter.

RESTORATION. The restoration of the surface is continuing.

SALE OF ASSETS. Negotiations for the sale of the slimes dams have been concluded. Two parties have expressed interest in purchasing the freehold, but no offer has been received.

On behalf of the board

A. H. Munro
C. J. Ross } *Directors*

7 January 1991

Libanon

Libanon Gold Mining Company Limited
(Registration No. 05/08381/06)

ISSUED CAPITAL: 40 000 000 shares of 20 cents each, fully paid.

	Quarter ended 31 Dec. 1990	*Quarter ended 30 Sept. 1990*	*Six months ended 31 Dec. 1990*
OPERATING RESULTS			
Gold			
Ore milled (t)	435 000	435 000	870 000
Gold produced (kg)	2 062,5	2 047,2	4 109,7
Yield (g/t)	4,7	4,7	4,7
Price received (R/kg)	31 272	31 841	31 555
Revenue (R/t milled)	148,44	150,08	149,26
Cost (R/t milled)	139,15	142,04	140,59
Profit (R/t milled)	9,29	8,04	8,67
Revenue (R000)	64 571	65 287	129 858
Cost (R000)	60 530	61 789	122 319
Profit (R000)	4 041	3 498	7 539
FINANCIAL RESULTS (R000)			
Working profit: Gold	4 041	3 498	7 539
Net sundry revenue	1 200	874	2 074
Recovery under loss of profits insurance	—	630	630
Profit before tax	5 241	5 002	10 243
Tax	545	701	1 246
Profit after tax	4 696	4 301	8 997
Capital expenditure	2 287	2 388	4 675

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 December 1990 was R63,3 million.

DIVIDEND. No interim dividend was declared.

On behalf of the board

M. R. Fuller-Good
A. H. Munro } *Directors*

7 January 1991

Doornfontein

Doornfontein Gold Mining Company Limited
(Registration No. 05/24709/06)

ISSUED CAPITAL: 40 000 000 shares of 25 cents each, fully paid.

	Quarter ended 31 Dec. 1990	*Quarter ended 30 Sept. 1990*	*Six months ended 31 Dec. 1990*
OPERATING RESULTS			
Gold			
Ore milled (t)	343 932	390 000	733 932
Gold produced (kg)	1 792,8	2 012,2	3 805,0
Yield (g/t)	5,2	5,2	5,2
Price received (R/kg)	31 449	31 725	31 595
Revenue (R/t milled)	164,17	163,87	164,01
Cost (R/t milled)	191,18	183,08	186,87
Profit/(loss) (R/t milled)	(27,01)	(19,21)	(22,86)
Revenue (R000)	56 463	63 909	120 372
Cost (R000)	65 752	71 401	137 153
Profit/(loss) (R000)	(9 289)	(7 492)	(16 781)
FINANCIAL RESULTS (R000)			
Working profit/(loss): Gold	(9 289)	(7 492)	(16 781)
Net sundry revenue	553	701	1 254
Recovery under loss of profits insurance	5 500	—	5 500
Profit/(loss) before tax	(3 236)	(6 791)	(10 027)
Tax	—	—	—
Profit/(loss) after tax	(3 236)	(6 791)	(10 027)
Capital expenditure	854	5 913	6 767

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 December 1990 was R65,9 million.

DIVIDEND. *No interim dividend was declared.*

PRODUCTION. Mining operations had to be halted due to two separate underground fires. The first was extinguished within a week of being reported on 11 December 1990. The second, which was reported on 18 December 1990, has been sealed off. Plans for the resumption of production have yet to be formulated. These will incorporate previous endeavours to restore profitability of the mine by rationalisation of the scale of operations and consequently manpower requirements.

On behalf of the board

M. R. Fuller-Good
A. H. Munro } *Directors*

7 January 1991

Deelkraal

Deelkraal Gold Mining Company Limited
(Registration No. 74/00160/06)

ISSUED CAPITAL: 99 540 000 shares of 20 cents each, fully paid.

	Quarter ended 31 Dec. 1990	*Quarter ended 30 Sept. 1990*	*Six months ended 31 Dec. 1990*
OPERATING RESULTS			
Gold			
Ore milled (t)	395 400	405 000	800 400
Gold produced (kg)	2 248,4	2 308,5	4 556,9
Yield (g/t)	5,7	5,7	5,7
Price received (R/kg)	31 765	31 691	31 728
Revenue (R/t milled)	180,89	180,83	180,86
Cost (R/t milled)	145,65	145,65	145,65
Profit (R/t milled)	35,24	35,18	35,21
Revenue (R000)	71 524	73 237	144 761
Cost (R000)	57 589	58 991	116 580
Profit (R000)	13 935	14 246	28 181
FINANCIAL RESULTS (R000)			
Working profit: Gold	13 935	14 246	28 181
Net sundry revenue	3 679	3 188	6 867
Profit before tax	17 614	17 434	35 048
Tax	1 574	1 596	3 170
Profit after tax	16 040	15 838	31 878
Capital expenditure	19 048	20 540	39 588
Dividend	9 954	—	9 954

CAPITAL EXPENDITURE. *The unexpended balance of authorised capital* expenditure at 31 December 1990 was R249,1 million.

DIVIDEND. A dividend (No. 16) of 10 cents per share was declared on 11 December 1990, payable to members on or about 6 February 1991.

PRODUCTION. On 12 November a fire was detected in an old Deelkraal Reef stope on 21 Level. The fire has been extinguished but tonnage milled for the quarter was 9 600 tons below the planned milling rate with a consequent loss in gold production. A claim for the loss of revenue will be made once the full extent of the loss has been determined.

No. 3 SHAFT. The shaft was sunk 208 metres to a depth of 1 314 metres below collar.

No. 3 SUB-VERTICAL SHAFT. The excavation of the headgear dome is complete and *the cutting of the two man winder chambers and the rock winder* chamber continued.

On behalf of the board

A. H. Munro
M. R. Fuller-Good } *Directors*

7 January 1991

GOLD FIELDS
OF SOUTH AFRICA LIMITED

Note:
Copies may be obtained from the United Kingdom Registrar
Barclays Registrars Limited,
Bourne House, 34 Beckenham Road,
Beckenham, Kent BR3 4TU.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, January 7, 1991. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	52.0724	33.9897	38.0998
Albania	(Lek)	9.8765	5.1817	3.3823	3.7913
Algeria	(Dinar)	22.85	11.9884	7.8253	8.7715
Andorra	(Fr Fr)	9.9150	5.2019	3.3955	3.8061
	(Sp Peseta)	184.90	97.0094	63.3219	70.9788
Angola	(Kwanza)	58.9910	30.9501	20.2023	22.6452
Antigua	(E Carr $)	5.1370	2.6951	1.7592	1.9719
Argentina	(Austral)	11115.50	5831.85	3806.68	4266.99
Aruba	(Florin)	3.4055	1.7867	1.1662	1.3072
Australia	(Aus $)	2.4555	1.2883	0.8409	0.9426
Austria	(Schilling)	20.525	10.7686	7.0291	7.879
Azores	(Port Escudo)	261.20	137.041	89.452	100.269
Bahamas	(Bahama $)	1.9060	1	0.6527	0.7316
Bahrain	(Dinar)	0.7050	0.3698	0.2414	0.2706
Balearic Is	(Sp Peseta)	184.90	97.0094	63.3219	70.9788
Bangladesh	(Taka)	67.00	35.1521	22.9452	25.7197
Barbados	(Barb $)	3.8265	2.0076	1.3104	1.4689
Belgium	(Belg Fr)	60.15	31.5582	20.5993	23.0902
Belize	(B $)	3.8050	1.9963	1.303	1.4606
Benin	(CFA Fr)	495.75	260.1	169.777	190.307
Bermuda	(Bermudian $)	1.9060	1	0.6527	0.7316
Bhutan	(Ngultrum)	35.00	18.363	11.9863	13.4357
Bolivia	(Boliviano)	6.4875	3.4037	2.2217	2.4904
Botswana	(Pula)	3.5320	1.853	1.2095	1.3558
Brazil	(Cruzeiro)	332.325	174.357	113.81	127.572
Brunei	(Brunei $)	3.3425	1.7536	1.1446	1.2831
Bulgaria	(Lev)	5.3665	2.8155	1.8378	2.06
Burkina Faso	(CFA Fr)	495.75	260.1	169.777	190.307
Burma	(Kyat)	11.578	6.0745	3.965	4.4445
Burundi	(Burundi Fr)	311.50	163.431	106.678	119.578
Cambodia	(Riel)	875.15	459.155	299.709	335.95
Cameroon	(CFA Fr)	495.75	260.1	169.777	190.307
Canada	(Canadian $)	2.1975	1.1529	0.7525	0.8435
Canary Is	(Sp Peseta)	184.90	97.0094	63.3219	70.9788
Cp. Verde	(CV Escudo)	124.30	65.2151	42.5684	47.7159
Cayman Is	(CI $)	1.5790	0.8284	0.5407	0.6061
Cent.Afr. Rep	(CFA Fr)	495.75	260.1	169.777	190.307
Chad	(CFA Fr)	495.75	260.1	169.777	190.307
Chile	(Chilean Peso)	641.00	336.306	219.521	246.065
China	(Renminbi Yuan)	10.0655	5.2809	3.447	3.8639
Colombia	(Col Peso)	1012.05	530.981	346.592	388.503
Comoros	(CFA Fr)	495.75	260.1	169.777	190.307
Congo (Brazz)	(CFA Fr)	495.75	260.1	169.777	190.307
Costa Rica	(Colon)	198.40	104.092	67.9452	76.1612
Côte d'Ivoire	(CFA Fr)	495.75	260.1	169.777	190.307
Cuba	(Cuban Peso)	1.5155	0.7951	0.519	0.5817
Cyprus	(Cyprus £)	0.8260	0.4333	0.2828	0.317
Czechoslovakia	(Koruna)	52.65c	27.6232	18.0308	20.2111
		61.32t	32.172	21	23.5393
Denmark	(Danish Kroner)	11.2350	5.8945	3.8476	4.3128
Djibouti Rep	(Djib Fr)	336.25	176.417	115.154	129.079
Dominica	(E Carrib $)	5.1370	2.6951	1.7592	1.9719
Dominican Rep	(D Peso)	21.3080	11.1794	7.2972	8.1796
Ecuador	(Sucre)	1695.20o	889.402	580.548	650.749
		1670.75a	876.574	572.175	641.363
Egypt	(Egyptian £)	5.4880	2.8793	1.8794	2.1067
El Salvador	(Colon)	12.2600	6.4323	4.1986	4.7063
Equat'l Guinea	(CFA Fr)	495.75	260.1	169.777	190.307
Ethiopia	(Ethiopian Birr)	3.8965	2.0443	1.3344	1.4957
Falkland Is	(Falk £)	1.00	0.5246	0.3424	0.3838
Faroe Is	(Danish Kroner)	11.2350	5.8945	3.8476	4.3128
Fiji Is	(Fiji $)	2.7675	1.4519	0.9477	1.0623
Finland	(Markka)	7.0005	3.6728	2.3974	2.6873
France	(Fr)	9.9150	5.2019	3.3955	3.8061
Fr. Cty/Africa	(CFA Fr)	495.75	260.1	169.777	190.307
Fr. Guiana	(Local Fr)	9.9150	5.2019	3.3955	3.8061
Fr. Pacific Is	(CFP Fr)	178.85	93.8352	61.25	68.6564
Gabon	(CFA Fr)	495.75	260.1	169.777	190.307
Gambia	(Dalasi)	13.98	7.3347	4.7876	5.3666
Germany	(D-Mark)	2.9200	1.532	1	1.1209

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	659.45	345.986	225.839	253.148
Gibraltar	(Gib £)	1.00	0.5246	0.3424	0.3838
Greece	(Drachma)	305.85	160.467	104.743	117.409
Greenland	(Danish Krone)	11.2350	5.8945	3.8476	4.3128
Grenada	(E Carr $)	5.1370	2.6951	1.7592	1.9719
Guadaloupe	(Local Fr)	9.9150	5.2019	3.3955	3.8061
Guam	(US $)	1.9060	1	0.6527	0.7316
Guatemala	(Quetzal)	9.8905	5.1891	3.3871	3.7967
Guinea	(Fr)	1179.55a	618.861	403.955	452.802
		570.75n	299.449	195.462	219.098
Guinea-Bissau	(Peso)	1236.60	648.793	423.493	474.702
Guyana	(Guyanese $)	84.25	44.2025	28.8527	32.3416
Haiti	(Goude)	9.5125u	5	3.2577	3.6516
Honduras	(Lempira)	10.1595	5.3302	3.4792	3.9
Hong Kong	(HK $)	14.8090	7.7696	5.0715	5.6848
Hungary ♦	(Forint)	136.10	71.406	46.6095	52.2456
Iceland	(Icelandic Krona)	106.60	55.9286	36.5068	40.9213
India	(Indian Rupee)	35.00	18.363	11.9863	13.4357
Indonesia	(Rupiah)	3676.70	1929.01	1259.14	1411.4
Iran	(Rial)	125.70	65.9496	43.0479	48.2533
Iraq	(Iraqi Dinar)	0.6015	0.3155	0.2059	0.2309
Irish Rep	(Punt)	1.0910	0.5724	0.3736	0.4188
Israel	(Shekel)	3.8650	2.0278	1.3236	1.4836
Italy	(Lira)	2195.75	1152.02	751.969	842.898
Jamaica	(Jamaican $)	14.6875	7.7059	5.0299	5.6381
Japan	(Yen)	260.50	136.674	89.2123	100
Jordan	(Jordanian Dinar)	1.2385	0.6497	0.4241	0.4754
Kenya	(Kenya Shilling)	45.30	23.767	15.5136	17.3896
Kiribati	(Australian $)	2.4555	1.2883	0.8409	0.9426
Korea North	(Won)	1.8455	0.9682	0.632	0.7084
Korea South	(Won)	1380.00	724.029	472.603	529.75
Kuwait ‡	(Kuwaiti Dinar)				
Laos	(New Kip)	1303.20	683.736	446.301	500.269
Lebanon	(Lebanese £)	1664.30	873.19	569.966	638.887
Lesotho	(Maluti)	4.8905	2.5658	1.6748	1.8773
Liberia	(Liberian $)	1.9060	1	0.6527	0.7316
Libya	(Libyan Dinar)	0.5110	0.2681	0.175	0.1961
Liechtenstein	(Swiss Fr)	2.4625	1.2919	0.8433	0.9452
Luxembourg	(Lux Fr)	60.15	31.5582	20.5993	23.0902
Macao	(Pataca)	15.3015	8.028	5.2402	5.8738
Madagascar	(MG Fr)	2576.00	1351.52	882.192	988.868
Madeira	(Port Escudo)	261.20	137.041	89.452	100.269
Malawi	(Kwacha)	4.90	2.5708	1.678	1.8809
Malaysia	(Ringgit)	5.1655	2.7101	1.769	1.9829
Maldive Is	(Rufiya)	18.4315	9.6702	6.3121	7.0754
Mali Rep	(CFA Fr)	495.75	260.1	169.777	190.307
Malta	(Maltese £)	0.5670	0.2974	0.1941	0.2176
Martinique	(Local Fr)	9.9150	5.2019	3.3955	3.8061
Mauritania	(Ouguiya)	147.25	77.256	50.428	56.5259
Mauritius	(Maur Rupee)	26.35	13.8247	9.0239	10.1151
Mexico	(Mexican Peso)	5605.60e	2941.03	1919.73	2151.86
		5595.25d	2935.6	1916.18	2147.89
Miquelon	(Local Fr)	9.9150	5.2019	3.3955	3.8061
Monaco	(French Fr)	9.9150	5.2019	3.3955	3.8061
Mongolia	(Tugrik)	6.3840	3.3494	2.1863	2.4506
Montserrat	(E Carr $)	5.1370	2.6951	1.7592	1.9719
Morocco	(Dirham)	15.0495	7.8958	5.1539	5.7771
Mozambique	(Metical)	1953.90	1025.13	669.144	750.058
Namibia	(S A Rand)	4.8905	2.5658	1.6748	1.8773
Nauru Is	(Australian $)	2.4555	1.2883	0.8409	0.9426
Nepal	(Nepalese Rupee)	57.6630	30.2534	19.7476	22.1355
Netherlands	(Guilder)	3.2950	1.7287	1.1284	1.2648
N'nd Antilles	(A/Guilder)	3.4055	1.7867	1.1662	1.3072
New Zealand	(NZ $)	3.2175	1.688	1.1018	1.2351
Nicaragua †	(Cordoba)	5707500.0	2994491	1954623	2190979
Niger Rep	(CFA Fr)	495.75	260.1	169.777	190.307
Nigeria	(Naira)	16.7420	8.7838	5.7335	6.4268
Norway	(Nor. Krone)	11.4125	5.9876	3.9083	4.3809
Oman	(Rial Omani)	0.7350	0.3856	0.2517	0.2821

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	41.10	21.5634	14.0753	15.7773
Panama	(Balboa)	1.9060	1	0.6527	0.7316
Papua New Guinea	(Kina)	1.8160	0.9527	0.6219	0.6971
Paraguay	(Guarani)	2388.25	1253.02	817.894	916.795
Peru ‡	(New Sol)	0.9895	0.5191	0.3388	0.3798
Philippines	(Peso)	51.00	26.7576	17.4657	19.5777
Pitcairn Is	(£ Sterling)	1.00	0.5246	0.3424	0.3838
	(NZ $)	3.2175	1.688	1.1018	1.2351
Poland	(Zloty)	18504.00	9708.29	6336.99	7103.26
Portugal	(Escudo)	261.20	137.041	89.452	100.269
Puerto Rico	(US $)	1.9060	1	0.6527	0.7316
Qatar	(Riyal)	6.9535	3.6482	2.3813	2.6692
Reunion Is. de la	(F/Fr)	9.9150	5.2019	3.3955	3.8061
Romania	(Leu)	66.43	34.853	22.75	25.5009
Rwanda	(Fr)	229.45	120.383	78.5787	88.0806
St Christopher	(E Carr $)	5.1370	2.6951	1.7592	1.9719
St Helena	(£)	1.00	0.5246	0.3424	0.3838
St Lucia	(E Carr $)	5.1370	2.6951	1.7592	1.9719
St Pierre	(French Fr)	9.9150	5.2019	3.3955	3.8061
St Vincent	(E Carr $)	5.1370	2.6951	1.7592	1.9719
San Marino	(Italian Lira)	2195.75	1152.02	751.969	842.898
Sao Tome	(Dobra)	286.70	150.42	98.1849	110.058
Saudi Arabia	(Riyal)	7.1625	3.7578	2.4529	2.7495
Senegal	(CFA Fr)	495.75	260.1	169.777	190.307
Seychelles	(Rupee)	9.60	5.0367	3.2876	3.6852
Sierra Leone	(Leone)	348.40	182.791	119.315	133.743
Singapore	($)	3.3425	1.7536	1.1446	1.2831
Solomon Is	($)	4.9560	2.6002	1.6972	1.9024
Somali Rep	(Shilling)	4984.55	2615.19	1707.04	1913.45
South Africa	(Rand)	4.8905c	2.5658	1.6748	1.8773
		6.5270g	3.4244	2.2352	2.5055
Spain	(Peseta)	184.90	97.0094	63.3219	70.9788
Spanish Ports In N Africa	(Sp Peseta)	184.90	97.0094	63.3219	70.9788
Sri Lanka	(Rupee)	75.50	39.6117	25.8561	28.9827
Sudan Rep	(£)	8.5615o	4.4918	2.932	3.2865
		21.7835g	11.4289	7.4601	8.3621
Surinam	(Guilder)	3.3960	1.7817	1.163	1.3036
Swaziland	(Lilangeni)	4.8905	2.5658	1.6748	1.8773
Sweden	(Krona)	10.8775	5.7069	3.7251	4.1756
Switzerland	(Fr)	2.4625	1.2919	0.8433	0.9452
Syria	(£)	39.9525	20.9614	13.6823	15.3368
Taiwan	($)	51.60	27.0724	17.6712	19.808
Tanzania	(Shilling)	371.35	194.832	127.175	142.553
Thailand	(Baht)	47.60	24.9737	16.3013	18.2725
Togo Rep	(CFA Fr)	495.75	260.1	169.777	190.307
Tonga Is	(Pa Anga)	2.4555	1.2883	0.8409	0.9426
Trinidad/Tobago	($)	8.0855	4.2421	2.769	3.1038
Tunisia	(Dinar)	1.6170	0.8483	0.5537	0.6207
Turkey	(Lira)	5701.75	2991.47	1952.65	2188.77
Turks & Caicos	(US $)	1.9060	1	0.6527	0.7316
Tuvalu	(Australian $)	2.4555	1.2883	0.8409	0.9426
Uganda	(New Shilling)	1026.35	538.484	351.49	393.992
U A E	(Dirham)	7.0155	3.6807	2.4025	2.693
United Kingdom	(£)	1.00	0.5246	0.3424	0.3838
United States	(US $)	1.9060	1	0.6527	0.7316
Uruguay	(Peso)	3047.15	1598.71	1043.54	1169.73
USSR	(Rouble)	1.0641o	0.5582	0.3644	0.4084
		3.1990c	1.6783	1.0955	1.228
Vanuatu	(Vatu)	204.50	107.293	70.0342	78.5028
Vatican	(Lira)	2195.75	1152.02	751.969	842.898
Venezuela	(Bolivar)	100.80	52.8856	34.5205	38.6948
Vietnam	(Dong)	12385.25	6498.03	4241.52	4754.41
Virgin Is-British	(US $)	1.9060	1	0.6527	0.7316
Virgin Is-US	(US $)	1.9060	1	0.6527	0.7316
Western Samoa	(Tala)	4.2745	2.2426	1.4638	1.6408
Yemen	(Rial)	22.9250	12.0278	7.851	8.8003
Yemen PDR	(Dinar)	0.8770	0.4601	0.3003	0.3366
Yugoslavia	(Dinar)	26.0625	13.6739	8.9255	10.0047
Zaire Rep	(Zaire)	3621.20	1899.9	1240.14	1390.1
Zambia	(Kwacha)	87.30	45.8027	29.8972	33.5124
Zimbabwe	($)	5.02	2.6337	1.7191	1.927

Special Drawing Rights January 4, 1991 United Kingdom £0.734075 United States $1.42939 Germany D Mark 2.13494 Japan Yen190.609
European Currency Unit Rates January 7, 1991 United Kingdom £0.702679 United States $1.33369 Germany D Mark 2.04854 Japan Yen182.515

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar; ‡ Kuwaiti Dinar Unavailable. ♦ Hungarian Forint devalued by 15% ‡ New Peruvian currency introduced on Jan. 1 called New Sol. † Nicaraguan Cordoba devalued by 9%.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday January 7, 1991

LEGAL NOTICE

Company Number 1505582
Registered in England and Wales
GENEVAC LIMITED
Principal place of business
9 Farthing Road, Ipswich, Suffolk

NOTICE IS HEREBY GIVEN, pursuant to section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at: Ipswich Post House Hotel, London Road, Ipswich IP2 0LA on 9 January 1991 at 11.00 am for the purposes mentioned in sections 99 to 101 of the said Act.

A list of the names and addresses of the company's creditors may be inspected free of charge at: the offices of Cork Gully, Mount Pleasant House, Huntingdon Road, Cambridge CB3 0BL

between 10.00 am and 5.00 pm on the two business days prior to the meeting.

Creditors wishing to vote at the meeting must (unless they are individual creditors attending in person) lodge their proxies at: the offices of Cork Gully, Mount Pleasant House, Huntingdon Road, Cambridge CB3 0BL no later than 12 noon on the business day prior to the meeting. Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Unless there are exceptional circumstances, creditors will not be entitled to vote unless their proofs have been lodged and admitted for voting purposes. Whilst proofs may be lodged at any time before voting commences, creditors intending to vote at the meeting are requested to send them with their proxies. Unless they surrender their security, secured creditors must give particulars of their security and its value if they wish to vote at the meeting.

DATED this 21 day of December 1990
By order of the board

Director M Cole

INTERNATIONAL CAPITAL MARKETS

Gulf war fears prompt slide in Treasury prices

By Karen Zagor in New York and Simon London in London

US TREASURY bond prices continued to deteriorate yesterday as fears that war in the Gulf was inevitable once again began to grip the US markets.

In late trading the Treasury bellwether 30-year bond was down 1⅜ at 104¹¹⁄₁₆, yielding 8.32 per cent. Losses were less severe at the short end of the yield curve, where the two-year note was quoted 1/32 lower to yield 7.18 per cent.

The Federal Reserve refrained from operating in the open market when the funds were trading at 7⅛ per cent, close to the Fed's perceived target for the rate of 7 per cent. But by the end of the day they had plunged to 2 per cent. The funds have been extremely volatile in recent weeks, in part because of year-end factors.

But, a series of reserve projection miscalculations by the Fed has contributed to the lack of stability, pushing the key

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-07	+03/32	11.34	11.54	11.13
		9.000	03/00	91-00	+10/32	10.55	10.84	10.65
		9.000	10/08	90-26	+13/32	10.11	10.38	10.17
US TREASURY *		8.500	11/00	102-15	-24/32	8.12	8.08	8.05
		8.750	08/20	104-23	-38/32	8.31	8.25	8.22
JAPAN	No 119	4.800	06/99	88.3865	-0.186	6.98	7.04	7.18
	No 129	6.400	03/00	98.5728	-0.310	6.65	6.69	6.88
GERMANY		9.000	10/00	99.9500	-0.310	9.00	8.99	8.80
FRANCE	BTAN	9.000	11/95	95.3247	-0.249	10.25	10.23	10.10
	OAT	8.500	03/00	91.2400	-0.730	9.98	9.99	9.89
CANADA *		10.500	03/01	101.7500	-0.809	10.21	10.27	10.23
NETHERLANDS		9.250	11/00	100.0800	-0.290	9.24	9.21	9.02
AUSTRALIA		13.000	07/00	104.8418	-0.694	12.13	12.07	12.62
BELGIUM		10.000	08/00	100.2000	-0.350	9.96	9.81	9.86

London closing. *New York closing
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal
Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

rate as "something in here (T#130748) " low as 1/16 per cent late on Friday, after the Fed had spent the week adding liquidity to the banking system because the funds were trading above the perceived target of 7 per cent. The Fed is now seen as facing a substantial draining need.

Talk of war in the Gulf sent oil prices higher. In late trading, the February crude oil contract gained $2.75 to $27.65 on the New York Mercantile Exchange.

US Treasury prices were also burdened by the large level of new supply to be absorbed this week. In addition to the Treasury's weekly auction of $20bn of bills yesterday, the Treasury will sell $8.5bn of seven-year notes on Wednesday and $11.75bn of 52-week bills on Thursday. The Resolution Funding Corporation will sell $4.9bn of 30-year bonds and $2bn of 39¼ bonds on Tuesday.

■ AGAINST a background of depression in most major bond markets, UK government bonds staged something of a recovery yesterday, opening sharply lower but rising throughout the day on the back of the strength of sterling.

In the cash market, the benchmark 11¾ per cent gilt maturing 2003/2007 opened sharply lower at 107⅝ on fears that the Gulf crisis is heading inexorably towards war. However, the bonds traded up during the course of the day to close at 108⅛, a net fall of just 1/16 against Friday's close, for a yield of 10.537 per cent.

In the futures market, the key March futures contract finished the day at 90.07, having opened 89.24.

Dealers reported some limited overseas buying of gilts as sterling benefited from its residual status as a petro-currency status on the foreign exchange markets.

For example, sterling finished the day at DM2.921 having opened at DM2.9135. The days gains lifted sterling off the bottom of the European monetary system grid.

■ JAPANESE government bonds traded lower overnight in Tokyo, with the outcome of the Gulf crisis dominating investors attention after the new year holiday.

The benchmark government bond issue No 119 closed the day on a yield of 6.975 per cent, down slightly on the day after opening at 6.95 per cent.

The fall is more dramatic judged against Friday's opening, which saw the 119 on a yield of 6.84 per cent.

Market sentiment was also depressed by the weak performance of the yen against the dollar on the foreign exchange markets, as the US currency benefited from its safe-haven status.

On Friday the dollar was trading at Y133.5, against Y136.5 yesterday.

■ GERMAN government bonds moved lower in both cash and futures markets yesterday, with sentiment dominated by the Gulf crisis.

In the cash market, the latest 9 per cent 10-year bund, maturing 2001, closed the day on a price of 100.05 to yield 8.99 per cent, against 8.94 per cent at Friday's close.

In the futures market, the March bund future opened at 82.26 and slid to a low of 81.90 before recovering towards the end of the day to close at 81.98. Volume was sluggish 33,000 contracts.

"The sharper tone adopted by all sides involved in the Gulf crisis makes war more likely and that is bad for the markets in the short-term," commented one analyst.

However, most traders expect the underlying economic situation to push bond prices higher if the crisis can be resolved without military conflict outside the region.

● The offer to bondholders to exchange Swiss franc warrant bonds and convertible bonds issued by Carter Holt Harvey, the New Zealand forestry group, into its 8 per cent Swiss franc convertible bonds due 1996 would be extended to January 28 from January 14, according to lead manager Warburg Soditic.

The issue was announced in August, but postponed because of capital market uncertainty due to the Gulf crisis.

Holders of outstanding warrant bonds due 2001, and the convertible bonds due 1997, 1994 and 1995 may exchange their bonds for the new ones.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on January 7

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101	101¼	-⅛	8.33
ALBERTA PROVINCE 9 3/8 95	600	103¼	103½	-⅛	8.51
AUSTRIA 8 1/2 00	400	98⅝	98⅞	-⅛	8.81
BANK OF TOKYO 8 3/8 96	100	97⅛	97⅜	-⅛	9.01
BELGIUM 9 1/8 92	400	101½	102		8.01
BFCE 7 3/4 97	150	96	96¼	-⅛	8.60
BNP 8 5/8 94	300	101	101¼	-⅛	8.26
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	93¼	94¼		9.34
KREDIETCORP 7 93 LFr	1000	93¼	94¼		10.05
WORLD BANK 8 96 LFr	1000	94	95		9.47
AMRO BANK 6 1/4 92 Fl	150	94¼	95¼	-⅛	9.99
RABOBANK 5 3/4 93 Fl	150	92¼	93		9.91
ALBERTA PROVINCE 10 92 C$	500	99½	99¾		11.31
BCE INC 9 5/8 93 C$	300	96¼	96¾	+⅛	11.51
[illegible]					

Top borrowers forced to pay premium Euro-rates

By Tracy Corrigan

TWO TOP borrowers were forced to pay a premium in order to tap the Eurobond market yesterday, dealers said, as the approach of the January 15 deadline for Iraq's withdrawal from Kuwait kept investors at bay.

Given their generous pricing, deals for the European Investment Bank and the Republic of Finland met a disappointing response. Lesser credits would be hard to bring to market in the current environment.

The EIB's ECU500m issue of 10-year bonds offers investors 11 basis points higher yield than the EIB's outstanding 10 per cent bonds due 1997. Dealers said the bonds offer good value, as the yield curve is fairly flat.

Even though investors were less enthusiastic than expected around 80 per cent of the paper was sold by the end of the day. The deal was eligible for sale in the US private placement market under rule 144A, but there was little initial demand from the US.

INTERNATIONAL BONDS

The EIB is using a deferred rate settlement to manage interest rate exposure.

The first sizeable dollar deal of the year, Finland's $300m five-year offering was priced at a yield spread of 58 basis points above the comparable US Treasury. The bonds yield 2 basis points more than Finland's outstanding $550m deal, with which the new bonds will be traded interchangeably, and 18 basis points more than the World Bank's five-year global notes.

Despite the lack of paper in the dollar sector – and few *benchmark issues* which mature in five years – there was no sign of pent-up demand. Although around three-quarters of the deal was estimated to have been sold by the end of the day, most investors were buying small amounts of paper, dealers said.

In the Japanese equity-linked market, Omron Corporation launched a $370m four-year deal via Nomura International. The deal was quoted at 100¾ bid, ¾ point above its issue price.

Bond dealers uncertain of war's legal implications: Page 2

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Omron Corp(a)♦	370	(4⅞)	100	1995	2¼/1½	Nomura Int.
Republic of Finland(c)◆	300	9	102.10	1996	¼/⅛	Morgan Stanley Int.
ECUs						
EIB(b)◆	500	10	98.82	2001	32.5/17.5	Paribas Capital Mkts.

★★Private placement. §Convertible. ♦With equity warrants. †Floating rate note. ◆Final terms. a) Non-callable. b) Purchase fund during first 3 years. Non-callable. c) Fungible with existing deal launched 1989. Non-callable.

CME to reduce clearing fees

By Barbara Durr in Chicago

CHICAGO Mercantile Exchange, in a move to help cut traders' costs, has approved a new set of reduced clearing fees that will decrease exchange revenues by up to $11m, or about 11 per cent of the CME's annual budget of some $100m.

The new clearing fee structure, which reduces members' fees from $0.25 to $0.07 for each side of a trade, came in response to discontent on the trading floor. Lower commissions, higher costs and decreased volume have been squeezing floor-trading profits.

One trader, Mr Douglas Bragan, has been lobbying hard for reduced clearing fees. Mr Bragan has proposed that fees be halved, and he won sufficient signatures to bring his proposal to a vote in a referendum, scheduled for January 24.

The CME board, however, met last Friday to approve its new reduced fee structure and has, in effect, pre-empted Mr Bragan's proposal. The new fees favour members and clearing members, while raising fees for certain others, such as those who lease seats.

Clearing fees for Exchange for Physicals (EFP) are raised substantially from $0.25 to $1.20 for members, with increases across the board for all users. EFP trading in essence allows traders to exit from unwanted trading positions after normal trading.

As part of its cost cutting, the CME has frozen employee salaries and will reduce the staff by 52.

Trading in S&P 500 options up 93%

THE Chicago Board Options Exchange (CBOE), the world's largest options market, reports a 93 per cent increase in trading volume of Standard & Poor's 500 stock index options for 1990, writes Barbara Durr.

S&P 500 options are used mainly by institutional investors as a hedge. The jump came in the latter months of last year as fears mounted of recession and a war in the Gulf.

Trading volume for the S&P 100 stock index option, the exchange's most actively traded product, rose 18 per cent. But volume in equity options fell 22 per cent. This narrowed the CBOE's overall volume increase to 2.2 per cent.

The CBOE none the less held the largest share of the US exchange traded options market last year, accounting for 61.7 per cent compared with 55.8 per cent in 1989.

Berlin may list east German stocks

By Katharine Campbell in Frankfurt

EAST German shares could be listed on the Berlin stock exchange as early as the second half of this year, according to Mr Jörg Walter, the exchange's chief executive.

The move would provide an additional option in the giant task of privatising east German industry.

Mr Walter yesterday suggested that the so-called "Freiverkehr" third market might be an appropriate vehicle, because it offers far less stringent listing requirements than the other markets, but falls under the central exchange supervision mechanisms.

"I have spoken to numerous companies who are interested in coming to the stock market and who can offer a positive outlook, with an attractive range of products and the prospect of continuing profits," *said Mr Walter.*

He sees the "Freiverkehr" market as a "springboard" into the official market. Berlin currently has around 50 stocks in this category.

While Frankfurt has emerged as the centre for international investors, for whom these initial east German stocks would be too small to be of interest, Berlin can develop its regional role by attracting just such names, according to Mr Walter.

Companies would see their shares distributed more widely, including in the eastern part of the country, which could prove an attractive alternative to being swallowed by a single west German or foreign entity, he maintains.

Two possible candidates mentioned were Mitropa, the catering company servicing the east German railways and motorway service stations, and Elpro, a Berlin electronics manufacturer.

Frankfurt's accumulated power and efforts to centralise the still regional German stock exchange system have left other exchanges casting round for a new role. Berlin is keen to exploit its geographical position as a gateway to eastern Europe.

Traders take bank collapse in stride

By Stephen Fidler, Euromarkets Correspondent

THE COLLAPSE of the Bank of New England yesterday reinforced nervousness in the international capital and money markets about the credit quality of many US banks, but failed to make a dramatic impact on trading.

The bank's troubles had been widely publicised for at least a year, and its collapse was not a surprise. The federal rescue had further reduced the chance for panic, bankers said.

Many foreign banks had used the last year to cut credit lines to the bank. A senior official at National Westminster, for example, said yesterday that NatWest had stopped extending new credit to the bank about a year ago and now had zero exposure since credit lines had been repaid and not replaced.

Bankers said the collapse would underline the increasing difficulties of some US banks in using and operating in the international capital and treasury markets. They expected an *intensification of "layering"* – where interest rate spreads increase on the paper of banks of differing credit quality – between US and foreign banks and among US banks.

"US banks have been an increasingly hard sell in this market anyway," said one international swaps broker. He said swap rates had increased yesterday by 3 to 4 basis points, reflecting the collapse and worries about tension in the Middle East.

In the US, the two concerns heightened demand for short-term, high-quality assets such as Treasury bills, in a typical flight to quality, dealers said. But there appeared to be no stampede.

Some bankers said the Bank of New England had been a prominent seller of assets in recent months in an attempt to preserve liquidity. It had $750m of outstanding medium-term debt, all in the US market. Already of "junk" quality, the bonds were further downgraded by the main credit rating agencies yesterday.

The bank's bonds fell to about 2 cents on the dollar from about 7 cents. Bond traders said developments at the bank would hurt other bank bonds, particularly those of other New England banks. The collapse would reinforce perceptions of the weakness of banks' real estate portfolios in New England.

● *Citibank has* formed a construction and real estate company in the Philippines, capitalised at 50.2m pesos (US$2m), the Securities and Exchange Commission (SEC) said.

It has an authorised capital of 60m pesos, equivalent to 600,000 shares at 100 pesos a share. Of these, 50.2m pesos represents the subscribed and paid-up portion of the new company's capital.

US insurer to set up unit in Paris

By William Pitt

AMERICAN International Group (AIG), the biggest insurer of industrial risks in the US, is extending its capital markets activities to continen*tal Europe with the creation of* Banque AIG in Paris.

AIG is currently very active as a market-maker for interest rate and currency swaps in both New York and London. More recently, and with no publicity, it has been laying plans to transact this business in Paris as well.

At the end of last October, AIG obtained formal authorisation from the Banque de France to set up a banking subsidiary in Paris. Earlier, it had been recruiting swaps specialists in the UK and the US.

AIG is unique among leading insurers in having exploited its AAA credit rating to develop a profitable niche in the swaps markets. Its speciality is long-dated transactions which the traditional banking markets are unwilling to contemplate.

In 1989, financial services, boosted by explosive growth in swaps business, accounted for 9.2 per cent of AIG's pre-tax profits of $1.58bn.

Last year, the group sought to diminish its relative dependence on swaps business: it bought an aircraft leasing company for $1.3bn and invested $140m in a foreign exchange and commodity-trading joint venture with three former Drexel Burnham Lambert executives.

Chase to close arm in Bahrain

CHASE Manhattan, the US banking group, plans to close its commercial banking operation in Bahrain. It said the closure is part of a rationalisation designed to cut $300m from the bank's worldwide expenses, AP-DJ reports from Manama.

Bank officials declined to comment in detail on the commercial bank closure or on the status of the bank's offshore banking unit (OBU) in Bahrain, which handles Chase's corporate and investment banking business throughout the Middle East.

Chase's statement simply said: "Bahrain will continue to act as Chase's regional headquarters through its offshore banking unit."

Chase has been building up its investment banking department in Bahrain recently, although many expatriate staff were relocated to London after Iraq's invasion of Kuwait in August.

The corporate finance division has taken a high-profile role in several of the large loans taken out in the past few years by regional institutions.

Chase is a financial adviser for a $1.4bn project to expand Bahrain's aluminium smelter. The bank has also organised loans for the governments of Oman and Qatar and for the regional airline Gulf Air.

Arab Banking downgraded

STANDARD & Poor's, the US credit ratings agency, yesterday downgraded Arab Banking Corporation's long-term debt and certificates of deposit to BBB from A- and short-term certificates of deposit to A-3 from A-2.

S&P said the downgrade reflects reduced profitability, diminished liquidity and a less favourable banking environment in the middle east due to the Iraqi invasion of Kuwait.

S&P also said loan quality in Arab Banking's London and New York branches is showing some deterioration which is likely to require provisioning.

The bank had been on S&P's credit watch with negative implications since August 13 last year, shortly after Iraqi forces entered Kuwait.

Malaysia to allow Kloffe to trade stock options

THE Malaysian government is to allow the proposed Kuala Lumpur Options and Financial Futures Exchange (Kloffe) to list stock options, Reuter reports from Kuala Lumpur.

However, primary industries minister Lim Keng Yaik said the government *had* yet to decide whether to allow either Kloffe or the Kuala Lumpur Commodity Exchange to trade in financial futures.

"There is no decision yet on the matter," he said, adding that talks were still underway with the relevant authorities.

A private consortium said last month it had won approval to start Kloffe to trade in options and financial futures. The move surprised officials of the KLCE and the Kuala Lumpur Stock Exchange who said they had similar plans.

Lim said his ministry, which oversees commodity futures trading, had no jurisdiction over financial futures trading, which comes under the finance ministry.

But he added that a recent International Monetary Fund study on the feasibility of introducing financial futures in Malaysia had recommended the KLCE should list such futures.

"We will be negotiating with the finance ministry on this matter," he said. Lim is shortly to meet finance minister Daim Zainuddin to discuss the matter.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Jan 7 1991: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri Jan 4: Index No.	Thu Jan 3: Index No.	Wed Jan 2: Index No.	Year ago (approx): Index No.
1	CAPITAL GOODS (188)	705.45	-0.6	15.05	6.74	8.11	0.00	709.96	707.77	715.03	952.34
2	Building Materials (25)	966.29	-0.3	14.90	6.32	8.26	0.00	969.60	959.69	975.99	1169.06
3	Contracting, Construction (31)	1100.19	-1.0	16.73	7.15	7.77	0.00	1111.51	1117.59	1130.98	1606.27
4	Electricals (10)	1884.90	-1.0	14.91	7.08	8.20	0.00	1902.98	1874.01	1861.83	2705.79
5	Electronics (26)	1511.23	-0.6	10.60	5.69	12.58	0.00	1520.59	1508.26	1512.38	2024.49
6	Engineering-Aerospace (8)	396.05	-0.3	16.95	6.17	7.07	0.00	397.24	395.75	396.88	485.01
7	Engineering-General (47)	360.91	-0.5	16.19	7.10	7.45	0.00	362.72	362.30	364.09	500.95
8	Metals and Metal Forming (8)	398.25	-0.3	22.94	8.64	5.38	0.00	399.53	399.06	400.85	504.46
9	Motors (13)	284.06	-1.5	17.56	8.47	6.64	0.00	288.40	289.58	294.18	399.28
10	Other Industrial Materials (20)	1206.83	-0.7	13.93	6.73	8.30	0.00	1215.75	1218.92	1239.21	1759.81
21	CONSUMER GROUP (181)	1213.90	-0.4	10.11	4.30	12.28	0.00	1219.20	1214.21	1218.31	1348.69
22	Brewers and Distillers (22)	1579.32	-0.8	10.31	3.94	11.94	0.00	1591.30	1575.73	1578.67	1550.08
25	Food Manufacturing (20)	1033.49	-0.2	11.17	4.80	11.05	0.00	1035.62	1028.19	1030.91	1170.67
26	Food Retailing (16)	2285.98	-0.3	9.86	3.29	13.24	0.00	2293.39	2266.45	2259.53	2332.56
27	Health and Household (20)	2488.96	-0.3	7.24	3.07	16.38	0.00	2496.85	2518.70	2552.79	2753.07
29	Hotels and Leisure (22)	1187.71	-1.4	11.73	5.73	10.05	0.00	1204.52	1195.72	1204.21	1700.06
30	Media (25)	1212.80	-0.2	12.33	5.60	10.20	0.00	1215.65	1214.20	1219.04	0.00
31	Packaging & Paper (11)	517.40	+0.1	10.26	6.64	11.97	0.00	516.89	517.30	518.01	585.29
34	Stores (34)	779.37	-0.2	10.95	4.69	11.90	0.00	780.94	774.49	768.80	833.60
35	Textiles (11)	405.73	-0.1	14.31	8.66	8.97	0.00	406.15	404.10	407.46	550.13
40	OTHER GROUPS (111)	987.71	-1.0	12.97	6.05	9.32	0.00	997.35	990.20	992.11	1222.22
41	Business Services (12)	996.35	-0.6	12.57	5.41	9.47	0.00	1001.87	999.40	998.51	0.00
42	Chemicals (22)	1038.06	+0.1	13.57	6.82	8.70	0.00	1036.70	1024.13	1027.58	1286.93
43	*Conglomerates* (11)	1230.94	-0.7	14.04	8.28	8.46	0.00	1239.12	1232.99	1246.86	1694.90
44	Transport (15)	1867.33	-1.1	13.88	5.45	8.90	0.00	1887.62	1875.33	1892.54	2407.81
45	Electricity (12)	994.96	-0.6	12.39	7.07	9.74	0.00	1000.79	997.70	1001.17	0.00
46	Telephone Networks (3)	1120.69	-2.0	11.94	4.51	10.90	0.00	1143.55	1134.19	1128.40	1252.73
47	Water (10)	2193.18	....	14.28	6.39	7.90	0.00	2192.83	2184.42	2183.91	1973.99
48	Miscellaneous (26)	1547.48	-1.2	12.32	5.90	9.44	0.00	1566.10	1552.91	1554.12	1979.25
49	INDUSTRIAL GROUP (480)	1019.89	-0.6	12.03	5.35	10.18	0.00	1026.49	1021.52	1025.98	1226.16
51	Oil & Gas (20)	2267.04	+0.8	9.87	5.63	13.23	0.00	2249.48	2271.99	2309.09	2414.34
59	500 SHARE INDEX (500)	1122.50	-0.4	11.71	5.39	10.54	0.00	1127.40	1124.39	1131.29	1325.87
61	FINANCIAL GROUP (98)	697.84	-1.2	–	6.82	–	0.00	706.06	700.55	700.13	864.19
62	Banks (9)	739.17	-2.0	21.78	7.83	6.01	0.00	754.40	743.56	743.69	893.15
65	Insurance (Life) (7)	1259.94	+0.8	–	6.09	–	0.00	1250.45	1239.24	1258.82	1467.72
66	Insurance (Composite) (6)	601.95	-1.2	–	7.10	–	0.00	609.52	602.65	591.02	734.03
67	Insurance (Brokers) (8)	993.19	-0.1	7.46	6.51	17.57	0.00	994.30	996.79	1005.21	1182.43
68	Merchant Banks (7)	352.16	-0.2	5.53	5.83	24.10	0.00	352.90	352.80	353.48	501.45
69	Property (41)	943.51	-1.3	7.21	5.00	18.84	0.00	956.14	959.85	960.22	1238.96
70	Other Financial (20)	250.14	....	10.91	7.23	11.57	0.00	250.19	251.10	252.45	349.33
71	Investment Trusts (69)	980.46	-0.7	–	4.15	–	0.00	987.68	986.61	994.64	1316.12
99	ALL-SHARE INDEX (667)	1017.62	-0.5	–	5.56	–	0.00	1023.21	1019.78	1025.13	1215.80

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 4	Jan 3	Jan 2	Dec 31	Dec 28	Year ago
FT-SE 100 SHARE INDEX♦	2113.3	-12.8	2130.0	2109.9	2126.1	2117.8	2128.3	2143.5	2160.4	2431.3

FIXED INTEREST

	PRICE INDICES	Mon Jan 7	Day's change %	Fri Jan 4	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	119.19	+0.08	119.09	1.82	0.00
2	5-15 years (32)	128.52	+0.16	128.32	2.48	0.00
3	Over 15 years (8)	135.65	+0.19	135.40	2.18	0.00
4	Irredeemables (6)	148.74	+0.27	148.34	1.52	0.00
5	All stocks (74)	127.80	+0.14	127.62	2.24	0.00
	Index-Linked					
6	Up to 5 years (2)	157.47	+0.15	157.24	0.78	0.00
7	Over 5 years (10)	144.51	-0.04	144.57	0.79	0.00
8	All stocks (12)	145.36	-0.03	145.40	0.79	0.00
9	Debs & Loans (54)	104.27	+0.03	104.23	2.20	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Mon Jan 7	Fri Jan 4	Year ago (approx.)
	British Government				
1	Low	5 years	10.03	10.05	10.27
2	Coupons	15 years	10.04	10.06	9.74
3	(0%-7¾%)	25 years	10.05	10.06	9.69
4	Medium	5 years	10.89	10.92	11.18
5	Coupons	15 years	10.43	10.45	10.17
6	(8%-10¾%)	25 years	10.25	10.27	9.82
7	High	5 years	11.01	11.04	11.34
8	Coupons	15 years	10.61	10.63	10.36
9	(11%-)	25 years	10.40	10.42	9.95
10	Irredeemables†		10.29	10.32	9.74
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.06	4.13	3.91
12	Inflation rate 5%	Over 5 yrs.	4.15	4.15	3.63
13	Inflation rate 10%	Up to 5 yrs.	2.77	2.83	3.05
14	Inflation rate 10%	Over 5 yrs.	3.98	3.97	3.47
15	Debs &	5 years	12.63	12.63	13.72
16	Loans	15 years	12.37	12.38	12.46
17		25 years	12.13	12.14	12.11

♦Opening index 2126.3; 9 am 2124.1; 10 am 2129.2; 11 am 2129.0; Noon 2123.6; 1 pm 2120.6; 2 pm 2117.0; 2.30 pm 2110.6; 3 pm 2111.3; 4.10 pm 2114.1; (a) 9.28am (b) 2.37pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323. QUARTERLY VALUATION: see page 7. NAME CHANGE: Fisher (A) to Albert Fisher (26).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	56	10	20
Corporations, Dominion and Foreign Bonds	5	0	16
Industrials	183	400	982
Financial and Properties	85	268	393
Oils	26	21	46
Plantations	0	0	10
Mines	63	20	80
Others	77	41	48
Totals	495	760	1,595

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	100	97	Aberforth Smaller Co.	98		–	–	–	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRADITIONAL OPTIONS

- First Dealings Jan. 7
- Last Dealings Jan. 18
- Last Declarations April 11
- For settlement April 22

For rate indications see end of London Share Service

Calls in Aviva Pet., Tuskar Res. and Whitegate Leisure. *Put in* Thames TV. Put and call in Meekatharra.

LONDON TRADED OPTIONS

THE FUTURES and options markets drifted lower yesterday as uncertainty about the prospect of war in the Gulf kept many investors on the sidelines.

The belief that war is the most *likely outcome of the Gulf crisis* depressed the futures market. This was reflected in the premium of the March FT-SE 100 index contract to the cash market; which narrowed from 40 to around 30 points.

As most institutional and other large players in the derivative markets have already hedged their porfolios, the main use has been for those investors trying to judge whether the equity market will trade any lower.

The view of many traders was that, with war almost inevitable, UK shares have further to fall. Mr Harvey Neale, of UBS Phillips & Drew, said: "The market is getting cheaper, but no one wants to commit themselves."

Mr Neale said that if war broke out the market could fall around 50 points, but at that stage institutions would start buying, which would support prices at the lower levels.

March FT-SE closed at 2,146, down 21 points on the day. March's premium to the cash market finished at 32 points, against 40 and brokers' fair value estimate of 36.

In the traded options market, some technical problems with the Seaq system kept turnover to a minimum. A total of 19,850 contracts changed hands, compared with 24,463.

Dealing was concentrated in the FT-SE contracts with the February 2,025 puts the most popular. *In the stock options, only* Rolls-Royce traded more than 1,000 contracts, equivalent to 1m shares. The March 240 puts were the most active as 1,075 changed hands.

Other busier stocks included Grand Met (838 contracts), with the April 650 calls the most active. British Gas (795) was boosted by call trading. In United Biscuits (575), most business was *in* calls. Beecham (561) was lifted by a buyer of January 600 calls.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons (*477)	420	63	81	85	1	5½	11
	460	26	50	58	5½	14	24
	500	6	27	37	26	35	43
ASDA (*117)	100	19	–	–	1	–	–
	110	9	14	20	2	5½	7½
	120	3½	10	15	6	11	13
Brit. Airways	130	15	22	24	2½	5	9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Unilever (*674)	650	33	57	72	6	20	26
	700	8	31	46	31	45	52
Ultramar (*329)	300	34	40	53	3	8½	12
	330	10	26	34	12	19	23

Option		Calls Jan	Calls Mar	Calls May	Puts Jan	Puts Mar	Puts May
Elec. Pkg. (*£1458)	1450	45	105	150	40	70	85
	1500	30	85	120	75	90	110
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Amstrad (*63)	60	8½	12½	14	4	6	7½
	70	4	7	9	11	12	13
Barclays (*348)	330	34	40	47	14	19	25
	360	16	24	31	32	35	40
Blue Circle (*216)	200	27	31	35	6½	11	16
	220	15	20	25	17	22	24
British Gas (*230)	220	16	26	29	7	9½	12
	240	7½	14	16	17	19	24
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Polly Peck sales planned to overcome cash crisis

By Richard Waters

THE administrators of Polly Peck International, the insolvent fresh fruit to electronics group, plan to dispose of a number of the group's peripheral businesses in the coming weeks in an attempt to overcome a gathering cash crisis.

Mr Michael Jordan, in charge of the administration, is to fly to the US today to discuss the sale of Polly Peck food interests there, though this does not include its Del Monte Tropical fresh fruit business.

He also said yesterday that the disposal of Russell Hobbs Tower, the UK manufacturer of domestic appliances, was "at an advanced stage."

The sales are to raise cash to meet pressing working capital needs in some parts of the Polly Peck group. The electronics businesses, thought to be under greatest pressure, are expected by the administrators to need £20m-£30m of new cash this month.

Mr Jordan said, though, that there was no immediate threat of parts of the group being forced into liquidation through a lack of cash. "I certainly haven't changed my mind yet about the possibility of achieving a reconstruction here," he said.

The danger for the group's various operating arms is that, the longer it takes to achieve a reconstruction, the greater their demand will be for new working capital.

The process has been stalled by the continuing refusal of directors of Polly Peck subsidiaries in northern Cyprus to give any information to the administrators. This is in spite of the lifting on the island last month of an injunction which had provided a legal obstacle to the administrators gaining access.

Mr Jordan will this evening fly to northern Cyprus from New York in a further attempt to persuade the directors to open the subsidiaries' books to the administrators.

The cash position of Polly Peck's operating units would be assured if the administrators were able to lay their hands on £200m which was said to be on deposit in northern Cyprus.

Broker provides for Nadir deals

BANQUE INDOSUEZ, the French merchant bank, has had to inject up to £20m of extra capital into Carr Kitcat & Aitken, its UK broking arm, to satisfy regulators that it can withstand potential losses from Mr Asil Nadir, chairman of Polly Peck International, writes Richard Waters.

The broker has provided against its entire exposure to Mr Nadir in the 1990 accounts, according to Mr Guy de Froment, its chairman.

This was to satisfy capital adequacy requirements of The Securities Association, the regulatory body, he said.

Mr de Froment's comments signalled the first admission by Carr of its involvement with Mr Nadir, though it had been widely known that the broker bought several million Polly Peck shares on Mr Nadir's behalf last autumn.

Carr refused to disclose the exact amount owed, but said it was between £13m and £20m.

The subsequent collapse of Polly Peck, and failure of Mr Nadir to pay for the share purchases, left Carr, along with other broking firms, holding worthless Polly Peck shares as collateral.

In spite of the full provision, Carr has not written off the money owed by Nadir and still intends to press for recovery, said Mr de Froment.

Carr, along with Lehman Brothers International (owed £18.5m) and Merrill Lynch (thought to be owed between £5m and £10m), have supported a bankruptcy petition against Mr Nadir which was brought last year by BZW (which is owed £3.5m).

The bankruptcy hearing is to resume next Tuesday, amid signs that little headway has been made since the last High Court hearing in early December.

At that time Mr Nadir indicated through his lawyers that he would give his creditors charges over his assets in Turkey, northern Cyprus and elsewhere to cover the money owed.

Since then Mr Nadir has been arrested and charged with theft and false accounting at Polly Peck. He spent three days in custody in December before bail of £3.5m could be arranged.

NatWest may move further into US

By David Lascelles, Banking Editor

NATWEST, the UK clearing bank, is considering bidding for US banking business which is being auctioned by the Resolution Trust Corp, the government agency handling the savings and loan bail-out.

Mr John Tugwell, the chief executive of international operations who was in New York last week, said the bank was interested in business in New Jersey and New York where its NatWest Bancorp subsidiary has branches.

The business on offer consists of deposits, branches and staff which are packaged together and offered at auction by the RTC. Banks wishing to buy them make sealed bids.

NatWest stressed that the auctions were only one of several means currently being considered to expand its US business.

The auctions would be a way of filling in the gaps in its present branch network, he said. NatWest Bancorp has been hard hit by the downturn in the US property market. In the first nine months of last year, it had to make provisions of $305m, resulting in a net loss of $126.5m. In the current climate, NatWest is not expected to make any aggressive expansion in the US.

Maxwell bemuses stock market

By Alice Rawsthorn

MR ROBERT Maxwell, the ebullient chairman of Maxwell Communication Corporation, yesterday bemused the stock market by announcing the sale of a European put option of up to 30m MCC shares.

The option has been sold by Bishopsgate Investment Trust, a nominee company acting on behalf of Mr Maxwell's corporate interests, to an unidentified buyer.

The option, which involves up to 4.6 per cent of MCC's equity, has been sold at a striking price of 152p to expire on February 15.

If the option is exercised the proportion of MCC shares held by Mr Maxwell, his family and the Maxwell Foundation will increase from 64 to about 69 per cent. MCC's shares were stable at 150p yesterday.

This is the second time in recent months that a sizeable put option in MCC has been sold. An option on 15.65m shares, bought in August, was exercised on November 30.

MCC confirmed that the November option had been bought by a market maker but did not disclose the identity of the buyer or the price at which the option was exercised. Goldman Sachs was believed to be the buyer and the price was thought to be 185p.

In August, when the option was sold, MCC's shares were trading at about 170p. They then fell in September and early October reaching a low of 134p. The shares rose to 155p by November 30, the day on which the option was exercised. MCC unveiled its interim results on November 28 and for the "closed period" of two months before that Mr Maxwell would have been unable to buy MCC shares.

City speculation yesterday centred on the identity of the buyer of the new 30m share option and on its likely effect on MCC's share price.

MCC is trying to sell assets to reduce its long term debt from £1.7bn to £1.4bn by its year-end of March 31. Its senior debt was recently downgraded to a rating indicating "a possibility of investment risk developing" by IBCA, the London credit rating agency.

Focusing on a challenging future

Richard Gourlay on Leica's reorganisation and forward planning

IN 1990, when interest in the Unlisted Securities Market faded as quickly as the fortunes of some of its constituents, one company stood out like a six-foot tall 12-year old in the school playground.

Leica, with annual sales of £500m and a market capitalisation of £110m, by all rights should not have been there.

Nor did the ownership of 81 per cent of the shares by one man, Swiss businessman Mr Stephan Schmidheiny, suggest it would have much of a future as a publicly quoted company.

But in spite of this unorthodox pedigree the optical instruments group that includes the famous Leica camera is trying to mount a challenge to such Japanese giants as Nikon and Olympus and Germany's Zeiss.

If Leica's reorganisation is successful this year, it could lead to a truly European company, at least in terms of its capital structure – readmission to London's main market and a secondary listing in Frankfurt and/or Zurich – based on expanded sales in Japan and the US.

If its plans are not fulfilled – and stagnation in the US, one of the its main markets, may be the decisive factor – then the anomaly will persist with a significant UK quoted company controlled by one of the world's richest men from the pastures of Switzerland.

Leica came to the USM last April after Wild Leitz, the St Gallen-based optics company, merged with Cambridge Instruments, the acquisitive high-tech group that was led out of Britain's National Enterprise Board by Mr Terence Gooding. Under Mr Schmidheiny's chairmanship, Leica has since bought out Mr Gooding, started to rationalise the microscope product line, begun to expand in Asia and made clear that Mr Schmidheiny wants to reduce his stake considerably – at the right price.

Stephan Schmidheiny – would welcome a reduced stake at the right price

Taking major, but non-controlling interests, has been the Schmidheiny way. The Zurich-based businessman, who with his brother is believed to preside over a £2.3bn empire, has large but non-controlling interests in ABB Asea Brown Boveri and SMH, the maker of Omega, Swatch and Tissot watches, and sits on the boards of Nestlé and Union des Banques Suisses, Switzerland's largest bank.

However, reducing the Schmidheiny stake below 50 per cent at the "right" exit price may prove to be a long-term uphill struggle.

Mr Schmidheiny bought his stake in Wild Leitz from his brother, Thomas, and discovered it was incurring heavy losses. Mr Markus Rauh was appointed as chief executive to shore up Leitz, and talks with Mr Gooding on a possible merger with Cambridge began almost immediately.

Cambridge, for its part, had won the dubious distinction of being one of the worst performing issues after its flotation in early 1987. Its share price slumped from 140p to 40p following the stock market crash when the company found itself in the semi-conductor market at the wrong time.

Mr Gooding had gained a reputation in the City of not "bedding down" one acquisition before moving on to another – the purchase of parts of Bausch and Lomb for $37mm shortly after the 1986 acquisition of Reichert Instruments being a case in point.

The merger of Cambridge and Wild Leitz gave Unotec, a private Swiss company controlled by Mr Schmidheiny, 53 per cent of the company. However, Unotec also offered Cambridge shareholders 70p per share, 12p above the level at which the company was suspended in July 1988 after the merger was announced.

Then last September, Mr Schmidheiny took his stake in Leica to 81.6 per cent following his purchase of Mr Gooding's 10.5 per cent family interest. Mr Rauh says that there is no pressure from Mr Schmidheiny for a divestment, although there have recently been some so far unsuccessful moves to spread some of the Schmidheiny stake into other hands. Once the price reaches 100p – compared to a closing price yesterday of 50p – Mr Schmidheiny will sell, he says.

Leica is therefore a long-term play that is dependent on the rationalisation that began soon after the merger.

It has already merged eight companies in eight countries, bought out dealers and opened four new subsidiaries in Japan, South Korea, Spain and Finland at a cost of £25m.

It also started to streamline product lines. The merger gave Wild Leitz access to a wider range of optical microscopes where it was already strong in medium powered equipment, but lacked Cambridge's spread of technology ranging from school-type bench microscopes to high resolution scanning electron microscopes.

Mr Rauh says the microscope product line, where margins are already slim, needs substantial rationalisation with the loss of number of models.

Thirdly, it sold some parts of the Cambridge businesses – IMT, a metrology company in Germany to Brown and Sharp, and Wild Leitz Canada, a defence business, to Hughes of the US.

As a result Leica's net debt rose, leading to an £8.2m interest charge in the half-year to September, and gearing remained above 100 per cent. The charge pushed Leica into the red with a pre-tax loss to end-September, its first reporting period, of £859,000 from sales of £251m.

Debt in 1991 will fall but continuing rationalisation costs will keep gearing above 75 per cent, according to Mr Rauh.

Since the merger, Leica has also pushed further into the Asian market, through its offices in Korea and Japan and a new plant in Singapore to take advantage of low labour costs and proximity to the Japanese market.

However, plans to build a new facility in Buffalo, New York, to supply microscopes to the US market have been temporarily shelved because of the state of the market there.

It is perhaps in the US, which accounts for 26 per cent of group sales, where the weakness in Leica's rationalisation lies.

As for many companies, the chances of Mr Rauh reaching his target of a secondary listing in at least one European centre within two years and a more balanced shareholder structure, depends on the fortunes of the US market.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Bucknall Austin, East Midlands Electricity, Goode Durrant, Jurys Hotel, Reliance Security.
Finals- M & W, Treatt.

FUTURE DATES

Interims-

Aerospace Engineering	Feb. 1
Anglia Television	Jan. 17
Fletcher King	Jan. 14
London Electricity	Jan. 14
Peel Holdings	Jan. 17
Reject Shop	Jan. 22
South Wales Electricity	Jan. 9
South Western Electricity	Jan. 10
Verdy (Reg)	Jan. 14
Finals-	
Cityvision	Feb. 27
Eurotherm Intl	Jan. 15
Henderson Highland Trust	Mar. 28
Kunick	Jan. 15
London & Clydeside	Jan. 16
Lookers	Jan. 17

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Barr (AG) ....fin	12.35	Apr 8	9.75	15.6	13
Carclo Eng ....int	1.71	Mar 1	1.56	-	7.1
Cooper Clarke § ......int	0.5	Apr 5	1.5	-	4.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

UK COMPANY NEWS

Operating profits lower and further deterioration in second half

Carclo ahead on interest turnround

By Clare Pearson

A TURNROUND in its net interest position enabled Carclo Engineering Group, the diversified engineering concern, to lift pre-tax profits from £3.96m to £4.31m in the half-year to end-September.

But profits at the operating level fell from £4.79m to £4m and the company said there had been a further deterioration in trading conditions since the end of the interim period.

Profit margins were squeezed across the company's business which cover card clothing, wires, general engineering and distribution.

Mr John Ewart, chairman, said Carclo was engaged in a "rigorous review of all our costs" in the light of continuing unfavourable economic conditions.

The move from net interest payable of £832,000 to receivable of £303,000 was attributable to the sale last March of the springs and forgings part of its Woodhead division. Additionally, Carclo received £9,000 in dividends from trade investments during the period.

Earnings per share rose to 7.3p (6.6p). The interim dividend is lifted by 10 per cent to 1.71p (1.55p).

RSR, another part of Woodhead which distributes springs for commercial vehicles, has been earmarked for disposal since last summer but Carclo said yesterday a buyer prepared to pay a suitable price for it had not yet been found.

This business, which had moved into loss in the comparable period, incurred an operating deficit 25 per cent higher at £146,000 on sales 17 per cent lower at £8.3m.

Card clothing made £1.52m (£1.72m) on sales of £8.71m (£8.51m); the wire division made £1.09m (£1.21m) on £13.27m (£13.05m) turnover, and general engineering £1.25m (£1.34m) on sales of £12.11m (£10.58m).

Net cash amounted to £3.6m at the end of September while during the six months shareholders' funds improved by 16 per cent to £44m. "When the bottom of the cycle comes we will have to try and use our resources to acquire some niche engineering businesses," said Mr Ewart.

He said since the period-end the company's trade investment in Arthur Lee & Sons, the engineering company which is both a customer and supplier of Carclo's, had increased to about 7.5 per cent. GM Firth, the steel stockholding concern, also holds a large stake in Lee.

● COMMENT

If the biggest concern about small companies is the state of their balance sheets, Carclo clearly shines by comparison at the moment, particularly if one assumes that, as seems likely, the 10 per cent dividend increase at the interim stage is repeated for the full-year. On the trading side, the company clearly indicated that conditions had worsened since the end of the half-year; this might push 12 months' pre-tax profits down to about £8m, against last year's £8.83m. On these bases the shares are trading on a prospective p/e of a little less than 9, which is not too demanding. At this stage of the cycle, though, it is not likely to catch many people's imagination. But the question of what the company may do with its significant cash pile should provide interest further out.

All-round decline at Cooper Clarke

COOPER CLARKE, the USM-quoted distributor of building products, suffered from the downturn in all sectors of its trade, and saw pre-tax profit decline significantly from £598,000 to £235,000 for the six months to October 28 1990.

Earnings were down to 1.96p (6.68p) and the interim dividend is cut from 1.5p to 0.5p. The second half would continue to be difficult, said Mr Robert Ashby, chairman.

Turnover at £11.81m (£11.85m) held up well in a severely reducing market, he stated. Margins, too, were largely maintained but pressure on overheads hit the overall results.

In addition, bad debts were up from £15,000 to £120,000 – "this is an area which we will continue to monitor most carefully" he added.

In view of the current climate activities had been reviewed, resulting in the closure of the Leeds depot, close monitoring of overheads, and the seeking of cost reductions.

Computer groups may merge

By David Owen

FERRARI HOLDINGS and Touchstone, the computer services groups which have both reported interim losses in recent months, have embarked on preliminary discussions which may lead to a combination of their businesses.

The move follows an initiative from Singer Whitaker, the Singer & Friedlander-controlled merchant bank.

Singer & Friedlander holds 38 per cent of Ferrari's ordinary shares.

Ferrari said yesterday that the companies, which both operate mainly in the computer maintenance field, were "equally and quite freely" discussing similar problems.

"Both Touchstone and Ferrari have very similar commercial activities," Ferrari added.

Any proposal "will only be formulated after extensive further discussions and investigations."

In November, USM-quoted Ferrari reported an interim pre-tax loss of £390,000 on turnover of £27.5m as it struggled to combat lower hardware margins and inefficiencies resulting from an aggressive acquisition policy.

Mr Peter Marshall, chairman, said at the time that he did not expect the group to make a profit in the full year. Mr Marshall, the former Plessey deputy chief executive, took over as chairman in late-July.

Touchstone's interim deficit, reported in October, amounted to £66,000 on turnover of £9.81m.

The group, which in its former guise as MBS was IBM's largest European distributor of personal computers, was also hit by falling margins. Mr Owen Williams, chairman, expected further losses in the second half.

This is the second time in little more than a year that the two sides have been involved in possible merger discussions.

In November 1989, talks broke down after a difference of opinion on financial disclosure.

COMPANY NEWS IN BRIEF

GLEESON has declared its cash offer for Colroy unconditional. Gleeson speaks for 96.6 per cent of the capital.

HADLEIGH INDUSTRIES has acquired the business of Truckline from Dana Holdings for £904,000 cash. Truckline operates as a truck and trailer spares business from nine locations; annual sales are £40m.

OSSORY ESTATES has contracted to sell retail investments of £6.6m, including the Three Horseshoes Mall, Warminster, and Whitefield Shopping Centre, Manchester.

Botswana plays hard to get on diamond sales deal

By Kenneth Gooding, Mining Correspondent

DE BEERS, the South African mining group which controls 80 per cent of world trade in rough (uncut) diamonds through its London-based Central Selling Organisation, has so far failed to renegotiate its contract with Botswana, the most important diamond producer in value terms. The contract ended on December 31.

The CSO admitted the deadline had passed after reporting yesterday that its diamond sales last year were only 2 per cent ahead of the 1989 level in US dollar terms – at $4.167bn compared with $4.086bn.

This was in line with many analysts' expectations. The CSO said the results confirmed its earlier forecasts, "which anticipated a year of consolidation with overall sales being about the same as in 1989."

Responding to market conditions, the CSO last year made a relatively modest price increase in March – 5.5 per cent – and has recently been reducing its supply of rough diamonds to the market.

The CSO played down the possible implications of its failure to sign a new contract with Botswana which some analysts estimate provides about half the value of De Beers' total diamond sales and more than half its profits. It insisted relations with Botswana remained good and that that country was still selling its diamonds to the CSO. It was not the first time that contract negotiations had gone on past the theoretical deadline, said the CSO.

CSO diamond sales (US$bn)	
1990	4.17
1989	4.09
1988	4.17
1987	3.07
1986	2.56
1985	1.82
1984	1.61
1983	1.60
1982	1.26
1981	1.47

However, some Botswana parliamentarians have been pressing for the country to have the right to sell a proportion of its own diamond output – 20 per cent has been frequently suggested – outside the CSO arrangements. The CSO has implacably opposed this idea which it said "is not appropriate in the context of our contract with Botswana."

In spite of this, relationships between Botswana and the CSO have been close since 1987 when that country sold its diamond stockpile to De Beers in exchange for US$250m cash and a 5.27 per cent shareholding in the South African company and it has two representatives on the De Beers' board.

Apart from its own diamond output and that from Botswana, De Beers also markets rough diamonds from Namibia, Tanzania and Zaire. Negotiations with Argyle Diamonds, the Australian producer whose contract with the CSO ends in April, are continuing.

In the past year the CSO strengthened its grip on the rough diamond trade by signing a formal marketing agreement with the Soviet Union and is about to sign a deal to sell stones produced by Endiama, the Angolan state company.

The CSO said uncertainty about the world economy because of the Gulf crisis made it impossible to give a reasonable forecast about diamond sales in 1991. But sentiment among diamond traders was positive and, although sales in the important Christmas period had been patchy, early indications suggested that results were slightly better than expected.

Silver price 'to fall further'

By Kenneth Gooding

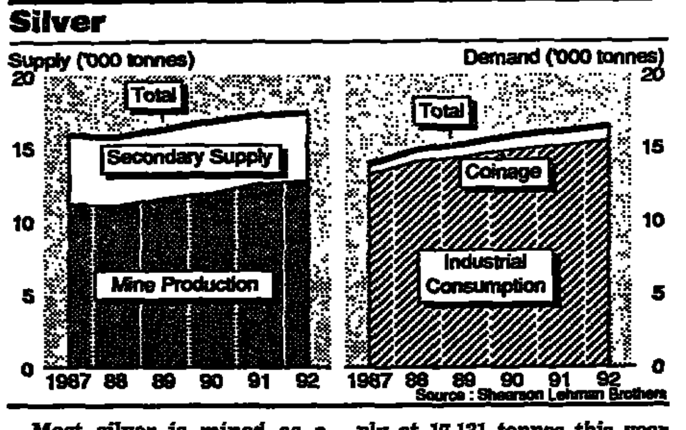
SILVER PRICES, which started 1991 at their lowest level for 19 years, are likely to drift even lower in the first half of this year before showing signs of recovery, says the Shearson Lehman Brothers financial services group in its annual review of the silver industry. But it warns that the potential for a longer-term, sustained increase in prices "must be virtually non-existent."

Ms Rhona O'Connell, Shearson's precious metals analyst, suggests that for most of 1991 silver will trade in a range between US$3.75 and $4.50 a troy ounce.

However, the speculative nature of the silver market means that price "spikes" in either direction are likely. Taking this into account, a realistic range for the year is $3.50 to $5 an ounce.

The average price for this year is forecast to be about $4.10 an ounce, roughly 15 per cent below the average of $4.80 for 1990 and closer to 20 per cent below in real terms.

Ms O'Connell says that "the fundamental forces in the market continue to look depressing." There is about 20 years' supply of silver in stock above ground and the market continues to generate a surplus of supply year after year, even though industrial consumption is as strong as it ever was.



Most silver is mined as a by-product of other metals and "it could be argued that worldwide silver production costs are near to zero," Ms O'Connell points out.

However, prices persistently close to $4 an ounce are causing primary silver mines considerable pain and some rationalisation, particularly in the US, is a possibility, she suggests.

She forecasts that mined supplies of silver will reach 12,531 tonnes this year, compared with 11,870 tonnes in 1990. However, a slight fall in secondary (scrap) supplies – predicted to slip from 4,935 tonnes in 1990 to 4,600 tonnes this year – will hold total supply at 17,131 tonnes this year, up from 16,805 tonnes.

Consumption, meanwhile, boosted mainly by demand from the photographic industry which already accounts for 40 per cent of silver offtake, is predicted to rise from 15,716 tonnes in 1990 to 15,962 tonnes this year.

Ms O'Connell sees total silver supplies at 17,345 tonnes in 1992 and demand at 16,379 tonnes. Silver prices are forecast to average $4.40 an ounce in the first half of 1992 and $4.60 in the second six months.

"World Silver Industry: 1990" £500 or US$1,000 from Shearson Lehman Brothers, One Broadgate, London EC2M 7HA, England.

Marketing effort urged for organic produce

By David Blackwell

THE ORGANIC farming industry must adopt a market-oriented approach unless it is to become merely a sect, a conference on organic production was warned at the weekend.

From an environmental perspective "that would be a terrible direction to go," Mr Jonathon Porritt, special adviser to Friends of the Earth, told the seventh national conference of British Organic Farmers and the Organic Growers Association at the Royal Agricultural College, Cirencester.

UK demand for organic food was outstripping supply, and was not being met by domestic suppliers, Mr Porritt said. The industry was suffering from hopelessly inefficient distribution and the lack of a proper marketing system.

At the same time he accused the government of still seeing organic farming as catering for a niche market. Instead it should be giving infrastructural support to enable farmers to make the change to organic production. Market forces alone could not reintegrate food production and land stewardship, he said.

Baroness Trumpington, a junior agriculture minister, said that organic farming was, with few exceptions, able to receive the same aid as conventional agriculture. "We do support the organic sector, we do want our consumers to have the choice to buy organic produce, we do want our farmers to supply as much as they can of this small but growing market," she told the conference.

She said that funding for research and development in organic production would be lifted to £500,000 this year.

"The help given to the organic sector does, when we relate it to the size of the sector, compare well with the support given to other much larger sectors in the agriculture industry."

Mr Patrick Holden, director of British Organic Farmers and the Organic Growers Association, said her words showed the government did not believe the organic sector would take off. The association had failed to convince the government of the political case for reducing damage to the countryside by switching to organic farming.

Two per cent of consumers were committed to buying organically produced food, he said. But between 13 and 15 per cent were potentially committed. "If we could produce at a little lower cost, that is a tremendous market." He called for further research and development support. In the meantime, imports would continue to flood in, he warned.

The cultivation of confidence

Times are hard, but most British farmers have not given up hope

PERHAPS THE most significant thing about last week's 45th Oxford farming conference was the complete absence of demands for the maintenance of farm subsidies. The Oxford audience is mainly composed of Britain's more forward-thinking farmers, however, and so is not necessarily representative of the industry as a whole.

Be that as it may, Mr Bryce Harland, New Zealand's high commissioner in London, who sat in the hall throughout the two days and who, on behalf of the Cairns Group of free-trade oriented food exporting countries, had urged the pre-conference dinner to accept the need for an agreement on Gatt, confessed himself surprised and delighted at what he saw as the enlightened tone of the event.

That is not to say that the farmers present were prepared to lie back and accept the aggressive demands being made by the Americans in the Gatt negotiations. Indeed there were several strident calls for the US to stop throwing its weight around and to be more reasonable – notably from Mr Harland himself.

Neither did it indicate that farmers believed they could continue to farm in the immediate future with the same enterprises, the same levels of overheads, the same labour forces and so on as they have maintained in the past. Margins have fallen and it was accepted that they would fall further and that changes were necessary to accommodate the circumstances of the early 1990s – changes that will add to those already made by many in the late 1980s.

There can be no doubt that market forces, or what has passed for them, have in recent years forced many UK farmers to review their business strategies. A reduction of 50 per cent in the real value of UK farm incomes over the past decade has led to severe reductions in capital expenditure and to the shedding of labour.

According to Mr Tony Gould, of the Transport and General Workers' Union farm workers

FARMER'S VIEWPOINT

By David Richardson

section, 50,000 workers left the land in the 1980s. Less than 100,000 workers remained on UK farms a year ago, he told the conference, and it has been estimated elsewhere that there was a further decline of 4,000 last year.

Meanwhile the numbers of "full-time farmers", a crude government estimate based on the assumed financial potential of the holding, continued to fall by a similar rate to about 140,000 a year ago, and it has been estimated that 6,000 individual UK farmers went out of business in 1990.

Mr John Nix of Wye College in Kent, the doyen of agricultural economists, told the conference that he believed a further 20 per cent of those farmers left in business would do well to sell out now, while they had something to sell. The remaining 80 per cent, he believed, were soundly financed and efficient enough to survive the current recession and would benefit from the upturn in fortunes when it came.

Just when that might happen was the subject of much debate. And Mr David Curry MP, parliamentary secretary at the Ministry of Agriculture, did little to clarify the situation.

His paper to the conference included a wide range of ideas for future farm policies, which he claimed "neither is nor isn't government policy." He spoke of the possibility of more encouragement for farmers to put land into the set-aside scheme and he discussed calls from some quarters to make it compulsory. He wondered if extensification, in other words reduced inputs and outputs, had a greater place in farm policy and he thought there was a need for extra payments linked to environmental protection.

He expressed hostility to the EC-promoted concept of direct income aids for small farmers, however, because this would discriminate against the UK. Few if any British farmers would qualify, he thought. But he emphasised that no EC member state could abrogate all responsibilty for agriculture and that there would be a continuing need for some system of market support.

His reason for throwing somewhat random pebbles into the pool was, he said, "to test ideas so that later we can enter negotiations (within the EC and the Gatt) with their implications thought out."

A cynical National Farmers' Union official later suggested privately that it indicated the Ministry of Agriculture had no clear policy for British agriculture. The ministry, he believed, had a total commitment to agreement on the Gatt round and when it was not concluded in December agriculture ministers were in a quandary as to what to do next. All the talk about keeping farmers in business and achieving a level playing field was fine, he said, but the ministry had no idea how to achieve any of it.

Against this background I found myself on the platform at the end of the conference debating whether or not the farmers present had the confidence to stay in farming. Although I was a member of the team that said it had that confidence, I was forced to concede that much current evidence favoured the opposite view.

The case for confidence relied on taking a view and on learning from the lessons of history. Agriculture, our side said, had seldom been easy, had always required resilience and flexibility by its exponents and was cyclical. We cited the example of the last great depression in agriculture during the 1930s and reminded the audience of the relative prosperity of the 1940s and 1950s, which, of course, included a period at war.

We spoke of the multitude of pressures on farmers around the world, both economic and environmental to reduce production and to eliminate food surpluses – policies that we attempted to put into perspective. We quoted Dr Bhupendera Dutia of the United Nations Food and Agriculture Organisation, who had said earlier in the conference that "global production and consumption are finely balanced," as well as other world-renowned agriculture and food experts who have recently been predicting world famine.

We argued that steadily increasing world demand for food from a population that nearly all experts agree will rise to over 6bn by the year 2000 would meet the decline in food production head on far faster than most politicians realised. When that happened we predicted higher market prices for farm commodities would supersede the need for subsidies and farm profits would improve.

The vote at the end of the debate was almost a foregone conclusion. Not necessarily because of the quality of arguments from our side but rather that the overwhelming majority of the people in the audience were committed to agriculture and prepared to tolerate a return on capital that would be considered inadequate in most other industries. The fact that there just could be a modest pot of gold at the end of the rainbow was enough to make most vote in favour rather than against the confidence to go on farming.

But one other vitally important point was reinforced during the debate – that however much the farmers of the world are criticised; however long it takes their activities to be appreciated rather than be condemned; an increasingly urbanised population could not exist without us. Most farmers at Oxford last week, whether they were confident or not, hoped that message at least would spread beyond the dreaming spires.

Extensification plan 'doomed to failure'

By Andrew Jack

EUROPEAN COMMUNITY policies of extensification for arable farms are doomed to failure, according to a survey conducted by two geographers at the University of East Anglia. Only 3 per cent of East Anglian farmers were willing to reduce their production at the level of compensation recommended by the EC, said Dr John Tarrant and Dr Dick Cobb at the Institute of British Geographers' annual conference in Sheffield. A third of the farmers would not even consider reducing their levels of production by a fifth – the target recommended by the EC.

The community resolved in 1988 to reduce arable cultivation by 2 to 3 per cent annually to reduce overproduction. Extensification is one strategy they recommend, although the promised UK Ministry of Agriculture guidelines on the subject have still not been published. Extensification would normally involve farmers reducing their use of nitrogen, said Dr Tennant, as well as the application of pesticides, fungicides and herbicides associated with intensive farming.

"It goes against the culture of farming developed over the last 50 to 60 years," said Dr Tennant. "It is very difficult to be told to be less productive. They equate not farming intensively with not farming well. They are being asked to take money to be less effective as farmers."

In his preliminary work, released last week, Dr Cobb has interviewed 158 farmers, representing up to 20 per cent of the arable landholdings in East Anglia. Only 29 per cent of the farmers were willing to extensify even if compensated at £100 per acre, compared with a typical net margin of £150 in the region.

While most were reluctant to consider extensification, 37 per cent were interested in a production quota, similar to that used for sugar beet, milk and potatoes. A further 19 per cent said they would rather reduce costs as market prices fell.

WORLD COMMODITIES PRICES

MARKET REPORT

Copper prices closed ahead on the LME yesterday after a late rally on news that union officials at Southern Peru Copper have threatened to strike on Thursday. The price was underpinned by sterling's weakness against a firmer dollar and by dealer expectations that LME stocks might fall today after a recent succession of rises. The Peruvian news sharply boosted Comex prices by midday. Nickel prices closed higher as short covering continued from the end of last week. Friday's rumours that an Australian nickel producer was having production problems continued. Gold rose above $390 a fine ounce on the London bullion market as tension over the Gulf situation increased. "This is a good level, although so far we're not attracting sufficient customer business to sustain these levels," one dealer said. "If war breaks out, prices will go through the roof, but in that case there are probably producers waiting to sell the rally – we have to wait and see." Silver also rose – on Comex good trade buying kept prices well up at midday. New York arabica coffee prices were higher at midday on concern over the condition of Central America's crop.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$21.95-0.15t	+2.00
Brent Blend (dated)	$26.05-6.15	+2.10
Brent Blend (February)	$25.95-6.05	+2.125
W.T.I. (1 pm est)	$27.15-7.20t	+2.725
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$261-264	+12.5
Gas Oil	$252-254	+21
Heavy Fuel Oil	$138-141	+7
Naphtha	$273-276	+18
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$391.25	+3.75
Silver (per troy oz)♣	420.25c	-0.75
Platinum (per troy oz)	$415.50	-0.25
Palladium (per troy oz)	$94.60	+0.85
Aluminium (free market)	$1570	+15
Copper (US Producer)	122c	
Lead (US Producer)	50c	
Nickel (free market)	410c	+15
Tin (Kuala Lumpur market)	15.20r	+0.30
Tin (New York)	263c	+2
Zinc (US Prime Western)	70c	
Cattle (live weight)†	107.23p	+1.35*
Sheep (dead weight)†	146.27p	-7.66*
Pigs (live weight)†	76.87-2	-2.26*
London daily sugar (raw)	$231.0z	+2.0
London daily sugar (white)	$266.0z	+1.5
Tate and Lyle export price	£229.0	+4.0
Barley (English feed)	Unq.	
Maize (US No. 3 yellow)	£163.0	
Wheat (US Dark Northern)	£87.0	
Rubber (Feb)♥	51.50p	+1.0
Rubber (Mar)♥	51.75p	+1.0
Rubber (KL RSS No 1 Jan)	239.0m	+0.5
Coconut oil (Philippines)§	360.0z	+5.0
Palm Oil (Malaysian)§	355.0	
Copra (Philippines)§	$247.5x	-2.5
Soyabeans (US)	£138.5	+4.5
Cotton "A" index	83.75c	
Wooltops (64s Super)	414p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Feb. v-Jan. w-Feb/Mar z-Jan/Feb. x-Mar. †Meat Commission average latstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)			
Raw	Close	Previous	High/Low
Mar	206.00	205.20	206.60 205.00
May	209.00	207.60	209.40 208.00
Aug	214.00	212.00	214.40 214.00
Oct	213.40	211.40	213.00 212.60
White	Close	Previous	High/Low
Mar	298.5	297.0	298.3 296.5
May	298.1	296.5	297.6 296.3
Aug	305.5	303.0	304.8 303.0
Oct	283.5	282.0	283.5 282.0

Turnover: Raw 1440 (929) lots of 50 tonnes. White 1184 (817)
Paris- White (FFr per tonne): Mar 1550, May 1558, Aug 1606, Oct 1496.

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low
Feb	26.60	23.56	26.60 24.90
Mar	25.90	22.74	25.85 24.35
Apr	25.15	22.23	25.15 23.80
IPE Index	24.91	25.47	25.47 24.91

Turnover 15407 (10733)

GAS OIL – IPE ($/tonne)	Latest	Previous	High/Low
Jan	245.00	224.00	245.00 234.50
Feb	235.00	218.50	238.75 227.50
Mar	225.50	210.50	229.00 220.00
Apr	216.00	200.00	218.00 212.75
May	212.00	205.25	212.00 210.00
Jun	207.50	200.00	210.00 205.00
Jul	207.50	193.50	207.00 205.00

Turnover 15862 (10638) lots of 100 tonnes

TEA

A strong demand prevailed. Assam etc's met good competition with brighter sorts often 10p or more dearer and plainer types selling more readily. Africans were well supported and although there was some irregularity among brighter mediums and dusts, coloury sorts and plainer varieties closed 4 to 6p dearer, sometimes more. Ceylons sold well with prices fully firm to 5p higher. Offshore teas met good demand and brighter types were firm to dearer. Quotations: quality 220p nominal medium 135p low medium 85p.

COCOA – London FOX (£/tonne)	Close	Previous	High/Low
Mar	851	850	854 848
May	686	680	689 681
Jul	716	709	716 712
Sep	745	740	746 740
Dec	775	772	777 772
Mar	800	795	801 795

Turnover: 5409 (2705) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 3 885.59 (885.59) 10 day average for Jan 4 877.85 (877.85)

COFFEE – London FOX (£/tonne)	Close	Previous	High/Low
Jan	607	608	610 604
Mar	582	578	585 581
May	590	585	592 586
Jul	605	600	608 605
Sep	623	616	623 620
Nov	638	624	639 635
Jan	651		649

Turnover: 1838 (1937) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 3: Comp. daily 71.02 (71.02). 15 day average 72.49 (72.68)

POTATOES – London FOX (£/tonne)	Close	Previous	High/Low
Apr	131.5	129.6	131.5 130.0
May	150.3	147.5	150.3 148.5

Turnover 99 (110) lots of 40 tonnes.

SOYAMEAL – London FOX (£/tonne)	Close	Previous	High/Low
Apr	117.50		118.00 117.50
Jun	118.50	118.50	118.50
Oct	123.00		

Turnover 61 (50) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)	Close	Previous	High/Low
Jan	1440	1420	1430 1415
Feb	1415	1390	1405 1390
Apr	1357	1330	1350 1330
BFI	1435	1436	1435

Turnover 357 (231)

GRAINS – London FOX (£/tonne)			
Wheat	Close	Previous	High/Low
Jan	119.50	119.75	119.50 119.25
Mar	122.80	123.00	122.80 122.75
May	126.30	126.45	126.40 126.10
Barley	Close	Previous	High/Low
Jan	114.35	114.70	114.00
Mar	117.75	118.00	117.75
May	119.20	119.50	119.40

Turnover: Wheat 59 (78), Barley 33 (51).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low
Jan	94.5	94.8	94.5
Feb	94.8	95.3	94.5
Apr	98.3	97.5	98.5 98.0
May	98.3	98.0	98.5
Jun	99.0	98.5	99.0
Aug	98.5	98.0	98.5

Turnover: 55 (74) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 7,880 lots	
Cash	1554-6	1561-3	1569	1568-9		
3 months	1585-6	1593-4	1604/1584	1597-8	1582-4	52,705 lots
Copper, Grade A (£ per tonne)					Total daily turnover 20,999 lots	
Cash	1358-60	1332-3	1361/1356	1356-7		
3 months	1375-6	1351-2	1379/1360	1375-6	1378-9	102,760 lots
Lead (£ per tonne)					Total daily turnover 1,399 lots	
Cash	315-7	316-7		318-9		
3 months	330-0.50	330.5-1	335/330.50	332-3	330.5-1.5	10,744 lots
Nickel ($ per tonne)					Total daily turnover 1,430 lots	
Cash	8925-75	8750-75	8850	8850-75		
3 months	8775-800	8650-75	8850/8650	8700-25	8900-25	7,730 lots
Tin ($ per tonne)					Total daily turnover 876 lots	
Cash	5855-65	5710-20	5725/5710	5725-30		
3 months	5770-80	5825-30	5860/5750	5830-40	5750-70	6,770 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 304 lots	
Cash	1271-4	1263-5		1265-6		
3 months	1265-7	1260-2	1272-1260	1260-1	1265-6	18,245 lots

LME Closing £/$ rate: SPOT: 1.9065 3 months: 1.8781 6 months: 1.8596 9 months: 1.8368

MGMI – London FOX	Close	Prev.	High	Low	Vol
Indx	162.50	161.10	162.50		
Jan	162.30	161.90	162.30		60
Feb	163.30	163.00	163.30		146
Mar	163.80	162.70	163.80		102
Jun	162.50	161.10	162.50	161.20	76
Sep	160.20	161.30	160.20		13
Dec	161.00	160.20	161.00		102

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	391.00-391.50	
Opening	390.00-390.50	
Morning fix	391.00	205.249
Afternoon fix	391.10	205.539
Day's high	392.30-392.70	
Day's low	390.00-390.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.86	6 months	5.40
2 months	5.69	12 months	5.22
3 months	5.52		

Silver fix	p/fine oz	US cts equiv
Spot	221.35	420.25
3 months	228.90	428.00
6 months	235.95	435.65
12 months	249.65	451.35

TRADED OPTIONS

Coffee	Mar	May	Mar	May
550	43	52	11	13
600	17	24	35	35
650	5	10	73	71
Cocoa	Mar	May	Mar	May
600	62	97	11	11
650	31	62	36	28
700	14	37	63	51
Brent Crude	Feb	Mar	Feb	Mar
2500				
2550	100			
2600			290	

New York

GOLD 100 troy oz.: $/troy oz.	Close	Previous	High/Low	
Jan	394.1	384.9	0	0
Feb	396.2	387.2	396.8	392.2
Mar	397.6	388.6	395.0	395.0
Apr	399.5	390.4	400.5	395.8
Jun	403.1	393.9	404.0	399.3
Aug	406.5	397.2	0	0
Oct	410.0	400.5	408.0	407.3
Dec	413.6	403.9	413.5	410.0
Feb	417.4	407.6	415.0	414.0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jan	413.9	409.7	414.0	410.5
Apr	417.1	414.4	417.5	415.0
Jul	421.4	416.7	421.3	420.0
Oct	425.6	422.7	424.5	424.5
Jan	430.4	427.5	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Jan	428.6	415.5	0	0
Feb	431.3	418.0	0	0
Mar	434.0	420.7	434.5	423.5
May	440.0	426.5	440.0	429.0
Jul	446.0	432.2	446.0	435.0
Sep	452.0	437.8	449.0	440.0
Dec	460.4	445.7	457.0	450.5
Jan	462.6	447.7	0	0
Mar	469.2	454.0	462.5	462.5
May	475.3	459.8	468.5	468.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Jan	117.95	116.65	118.00	116.15
Feb	117.90	116.75	118.00	116.20
Mar	116.80	115.90	117.20	114.90
Apr	115.20	114.40	115.20	115.20
May	113.30	112.70	113.70	112.00
Jun	112.20	111.70	112.60	112.60
Jul	111.00	110.20	111.30	110.20
Aug	110.15	109.35	0	0
Sep	109.30	108.50	109.70	108.50
Oct	108.55	107.75	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Close	Previous	High/Low	
Feb	27.65	24.90	28.00	25.70
Mar	26.82	24.22	27.15	25.05
Apr	25.13	23.68	25.13	24.40
Jun	24.02	22.52	24.02	23.40
Jul	23.45	22.09	23.50	22.90
Aug	23.25	21.75	23.25	22.50
Sep	22.98	21.48	22.98	22.70
Nov	22.45	21.19	22.55	22.40

HEATING OIL 42,000 US galls, cents/US galls	Close	Previous	High/Low	
Feb	7617	6830	7760	7050
Mar	7360	6592	7470	6800
Apr	6766	6356	6766	6715
May	6586	6186	6586	6520
Jun	6421	6021	6421	6345
Jul	6346	5946	6346	6220
Aug	6376	5976	6365	6270
Sep	6476	6076	6420	6400
Oct	6556	16156	6550	6550
Nov	6636	6236	0	0

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Mar	1153	1150	1158	1130
May	1192	1192	1197	1173
Jul	1240	1234	1230	1220
Sep	1278	1273	1278	1260
Dec	1319	1319	1320	1303
Mar	1373	1356	1354	1345
May	1407	1394	1385	1385

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Mar	90.40	88.90	91.10	88.55
May	92.65	91.35	93.40	91.00
Jul	94.90	93.60	95.40	93.90
Sep	97.10	95.80	97.40	95.60
Dec	100.00	98.80	0	98.50
Mar	102.15	101.55	0	0
May	103.40	103.65	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	9.32	9.20	9.33	9.22
May	9.40	9.29	9.43	9.32
Jul	9.41	9.33	9.45	9.38
Oct	9.43	9.35	9.47	9.38
Mar	9.52	9.44	9.51	9.50
May	9.55	9.47	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Mar	75.98	76.80	76.58	75.65
May	74.38	75.05	75.03	74.30
Jul	73.82	74.50	74.45	73.76
Oct	67.30	67.63	67.53	67.25
Dec	64.33	64.60	64.45	64.15
Mar	65.13	65.35	65.30	65.30
May	65.85	65.70	65.85	65.85

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jan	108.55	108.15	109.75	105.10
Mar	109.60	108.15	110.00	105.00
May	111.50	110.65	111.75	107.00
Jul	112.70	112.00	114.50	109.00
Sep	113.70	113.00	111.00	110.50

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jan 7	Jan 4	mnth ago	yr ago
1707.4	1698.7	1715.3	1821.4

DOW JONES (Base. Dec. 31 1974 = 100)	Jan.4	Jan.3	mnth ago	yr ago
Spot	123.84	123.85	122.79	128.36
Futures	126.97	126.96	124.54	130.08

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jan	566/6	564/4	570/6	563/4
Mar	577/2	576/0	582/4	575/2
May	591/0	589/6	595/2	589/0
Jul	603/6	603/0	608/0	601/6
Aug	606/4	606/2	611/0	606/6
Sep	605/0	601/0	607/4	602/0
Nov	607/2	605/0	610/6	605/2

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jan	20.45	20.28	20.45	20.27
Mar	20.73	20.57	20.74	20.54
May	21.10	20.97	21.10	20.98
Jul	21.39	21.25	21.40	21.25
Aug	21.33	21.20	21.40	21.33
Sep	21.33	21.22	21.40	21.25
Oct	21.34	21.20	21.35	21.30
Dec	21.40	21.29	21.42	21.25

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jan	168.5	167.6	170.1	167.0
Mar	172.9	172.4	174.7	171.7
May	176.6	176.1	178.4	175.5
Jul	180.6	180.0	182.0	179.5
Aug	181.5	181.1	183.2	181.2
Sep	182.1	181.0	182.8	181.0
Oct	181.6	180.5	181.6	180.0
Dec	183.5	182.6	184.0	181.5

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Mar	236/4	233/6	236/2	233/2
May	242/6	241/0	243/2	240/2
Jul	248/6	247/4	249/2	246/6
Sep	249/2	248/2	249/4	249/0
Dec	249/6	249/4	250/0	248/4
Mar	256/4	256/2	256/4	255/6

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Mar	255/6	257/4	257/6	256/0
May	264/6	264/6	266/0	263/4
Jul	271/2	271/2	273/0	269/4
Sep	277/4	277/4	279/6	277/0
Dec	291/6	290/0	291/6	289/4
Mar	297/0	295/6	297/0	295/4

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Feb	77.35	77.85	78.20	77.27
Apr	76.47	76.80	77.27	76.45
Jun	74.32	74.82	75.27	74.25
Aug	73.07	73.42	73.95	73.05
Oct	72.95	73.42	73.85	72.90
Dec	73.47	73.75	74.25	73.47

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Feb	50.57	49.07	50.57	50.57
Apr	48.65	47.15	48.65	48.65
Jun	53.22	51.72	53.22	53.22
Jul	52.82	51.32	52.82	52.82
Aug	50.35	48.85	50.35	50.35
Oct	45.80	44.30	45.80	45.80
Dec	46.40	44.90	46.40	0

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	66.72	64.72	66.72	66.72
Mar	65.92	63.92	65.92	65.92
May	66.07	64.07	66.07	66.07
Jul	65.97	63.97	65.97	65.97
Aug	63.82	61.82	63.82	0

LONDON STOCK EXCHANGE

Share prices easier in cautious trade

THE UNCERTAINTIES in global securities markets ahead of tomorrow's crucial meeting between top US and Iraqi representatives in Geneva was reflected in a fall in UK equities yesterday. However, trading volume was low and the drop in the London market mirrored similar setbacks in continental bourses.

Apprehension over the threat of hostilities in the Gulf, after the UN deadline for Iraq's withdrawal from Kuwait expires next week, brought higher oil prices, which are bearish for share prices, but was no help for sterling which suffered from the strength of the dollar as a safe haven during times of global crises. The pound's weakness continued to undermine hopes for early cuts in domestic interest rates.

London spent much of the day anticipating a lower opening to the new Wall Street session, following news of a serious blow to the US banking system through the insolvency at Bank of New England. In the event, however, UK stocks staged a rally from the lows of the day, in spite of a fall of 17 Dow points in New York during UK trading hours.

The FT-SE Index ended down 12.8 at 2,113.3, a decline of some 0.6 per cent on the day, compared with falls of more than 2 per cent in several continental European markets. Seaq trading volume was dismal at 303.9m shares, compared with 315.5m on Friday. Many leading blue chip issues struggled to reach the 1m shares trading level. Some second line issues were hardly traded yesterday, according to specialist dealers.

With the institutions still unwilling to open up new positions until the Gulf situation is clarified, and traders equally determined to avoid risks ahead of tomorrow's meeting between Mr James Baker, the US secretary of state, and Mr Tariq Aziz, the Iraqi foreign minister, shares were driven more by market technicalities than by investment logic. Share prices edged briefly into firm territory in very early dealings as trading houses closed bear positions.

At least two leading securities firms operated trading programmes of significant size. One was a sell programme, said to be of £100m in leading equities, with the proceeds moving into share options. This appeared to be a classic defensive move in the face of the uncertainties overhanging securities markets.

Market traders sounded unconvinced by the late recovery in equities, which was helped by a steadier closing trend in the pound. They believed the rally also reflected a halt in the sell programme, which could prove temporary since not all the businesss had been completed. The mood at the close of trading remained uneasy, and few strategists expect investment confidence to pick up in the near term unless the news from the Gulf talks in Geneva turns out to be positive.

The fall in the market was checked by support for oil issues, which benefited from the renewed rise in Brent North Sea crude to above $25 a barrel again. The strength of the dollar helped blue chip dollar earners, although traders stressed that there was little business behind the gains in share prices.

Still on the downside, however, were the high street banks, with TSB easier as the market awaited the trading report due this week. Renewed concern over trading progress at Eagle Star, BAT Industries' insurance subsidiary, unsettled BAT. The rest of the insurance sector looked uneasy after the new round of winter storms had pounded the UK.

Account Dealing Dates		
*First Dealings:		
Dec 31	Jan 14	Jan 28
Option Declarations:		
Jan 10	Jan 24	Feb 7
Last Dealings:		
Jan 11	Jan 25	Feb 8
Account Day:		
Jan 21	Feb 4	Feb 18

*New-time dealings may take place from 8.30 am two business days earlier.

Network setback for Racal

RACAL Electronics traded in heavy volume after news that the UK government and the Racal Electronics' subsidiary, Racal Data Networks, had called off talks aimed at Racal providing an integrated communications service for a number of government departments. The two parties could not agree on a price for the service, according to market specialists.

Shares of Racal Electronics were hit hard. Chased up to 176½p earlier in the session, they were subsequently marked down sharply and closed a net 5 off at 169p. Turnover reached 9.5m shares, with more than half the total accounted for by a single trade of 5m around midday.

One electronics/telecoms specialist described the news as "a nasty blow for Racal". He said some of the more optimistic broking houses had put a value of £250m, or 20p a share, on Racal's networking business. "Racal has had the jewel in its networking crown ripped away," he said.

At Carr Kitcat & Aitken, Mr Christopher Tucker said of the cancelled project: "While it should ease the pressure on Racal's balance sheet and slightly enhance earnings per share in the short term, it is a big blow for the long-term development of Racal's network services business."

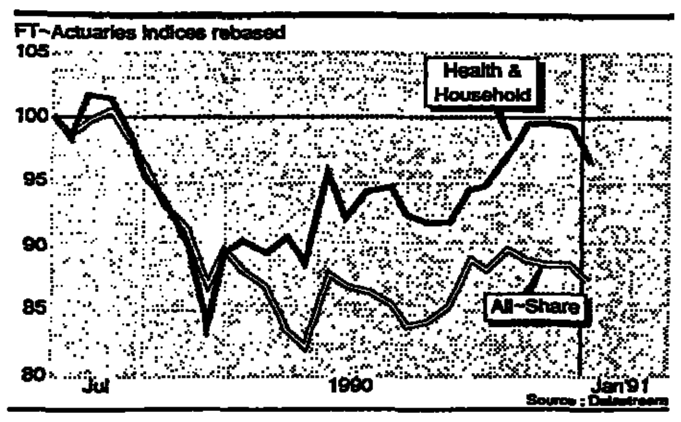
Telecom stocks ease

The market's two biggest telecom companies — British Telecom and Cable and Wireless came in for some determined selling after UBS Phillips & Drew issued a note detailing the effect of any move by Oftel, the telecoms watchdog, to cap international call prices. "We believe news on this front could be due soon," said Mr Nick Measham at UBS.

UBS moved BT to a "sell" and restated their bear case for Cable stock, noting that international profits account for 30 per cent of BT's total profits and are even more important to Cable's Mercury — 50 per cent of Mercury's 1990 profit of £49m.

The securities house takes the view that these profits will fall in future and that increased competition in the area will, over time, add to pressure on prices and market share for both BT and Mercury. "The impact on BT is £150m in a full year and on Mercury is £25m to £30m," said UBS's Measham.

BT dipped to 276p before closing a net 5 lower at 277p, while Cable fell 11 to 449p.



Pharmaceutical shares dominate the Health and Household sector. They began to outperform the overall FT-Actuaries Index at the end of August last year as investors identified them as defensive stocks, in the face of the recession looming over the domestic and international economies. The trend was accentuated as City analysts downgraded profits forecasts across the range of industrial shares. However, drug issues have now been pulled more into line with the rest of the market as the UN deadline for an Iraqi withdrawal from Kuwait has overwhelmed all market sectors.

Siebe move denied

A flurry of speculative activity in shares of Siebe, the UK controls and specialised engineering group, faded after cold water was poured on reports that the German conglomerate Mannesmann was contemplating predatory action.

It was suggested that Mannesmann could initially make a friendly approach to Siebe, which last year outbid the German group in the battle to acquire Foxboro, the US controls manufacturer.

Siebe advanced 16 to 335p before a company official defused the speculation by saying: "We have not had any discussions with Mannesmann, whatsoever." In Düsseldorf, Mannesmann said the company was not examining co-operation with Siebe.

Both statements dented market optimism about the possibility of a £750m bid, and the Siebe share price slipped back to close only 2 up on the session at 321p. Turnover of 546,000 shares was recorded.

Reuters, the global business communications group, made a firm showing at 689p, a gain of 6, after Hoare Govett, the UK securities firm, published a heavyweight investment recommendation.

Hoare told clients that Reuters shares, which suffered last year from delays to its new transaction products and from an increased pace of customer contract cancellations, is set for "significant recovery" in earnings. However, Hoare sees 1992 as the earliest year for a return to the 20 per cent growth levels formerly enjoyed by Reuters and, with investors disinclined at present to look beyond the uncertainties created in the stock market by the Gulf situation, there was no rush to buy Reuters stock.

Trading volume struggled below the 500,000 mark in the early part of the session, and only managed to reach 567,000 shares for the full session, having failed to attract much interest from the US when Wall Street opened for the new session.

Firmness in the US dollar helped the international blue chips to rise but the same could not be said of trading volumes. Glaxo put on 12 to 823p on fairly respectable turnover of 1.4m shares as the market responded to US approval for Zofran, and also looked towards the beneficial effect on US profits of a stronger dollar.

Rank Organisation shares suffered from their inclusion in the sell programme operated by a leading London securities house. Even before Wall Street opened lower, Rank had fallen 10 to 598p as investors continued to back away from the leisure sector, which is expected to suffer from a tightening in consumer spending as the recession strikes home in the UK. Trading volume of 1.7m shares, while not heavy by normal daily levels, was high by the measure of yesterday's market.

Confirmation of last year's expected fall in new car registrations from 1989's record level affected GKN and other automotive issues. Sentiment was also soured by S.G. Warburg following the lead set on Friday by County NatWest by lowering its sights this year for many UK companies.

Warburg admitted trimming profits estimates across the engineering sector, including GKN, but would not give details. Notable last Friday for showing resistance to the County downgrading, GKN yesterday moved with the wider equity trend to close 7 down at 316p. Lucas Industries, another leading motor component manufacturer, lost 3 more to 132p, while Laird Group ended 3 lower at 179p.

TSB eased 2 to 130½p ahead of preliminary results expected on Thursday morning. News that the group had agreed to dispose of its Target subsidiary to Equity & Law, the French-owned life assurance group, but would retain a measure of financial liability for the group, was released after the close of the market.

Analysts' forecasts of TSB profits range from £315m to £340m. Smith New Court is at the bottom of the range and expects TSB to make a £233m provision for bad debts, compared with a 1989 figure of £92m. Smith is looking for a strong underlying result for 1990, particularly from the retail bank and investment services divisions, and says that further progress over the next two years "has only been partly recognised in the bank's share rating".

Other bank stocks lost ground, although turnover in the sector was low. Standard Chartered was a weak market, losing 11 to 238p on turnover of 1.3m. Dealers were casting around for reasons for the movement, other than the usual "bad debts" stories and the stock falling out of the FT-SE index.

Lasmo gained 5 to 370p after County NatWest added the stock to its "County 30" list of preferred stocks, pointing out that the shares are trading at a discount to net asset value for the first time in 30 months. "If the E & P stocks continued to weaken so that their share prices fall below asset values, we could have a repeat of 1987 when the oil majors moved in to acquire cheap assets in the market," said County's Ms Angela Burns.

Glynwed International warded off sell advice and ended only 2 softer at 210p. BZW analyst Mr Rory Sweetman believes the effect of UK recession on the group is deepening and widening. He forecasts profits of only £30m for the second half (normally the stronger period) of 1990, giving a full year outcome of £70m, compared with £93.3m for the previous year. Glynwed usually reports annual results in March.

A poor market last week on the announcement that the preference dividend could not be paid, Telfos rebounded as bid speculation resurfaced to finish 8 up at 108p.

Chemical sector favourite Laporte reacted 7 to 473p as Kleinwort Benson cut £5m from its 1991 profits estimate to £129m. Slower trading conditions were lasting longer than previously expected, said Kleinwort analyst Mr Jeremy Chantry.

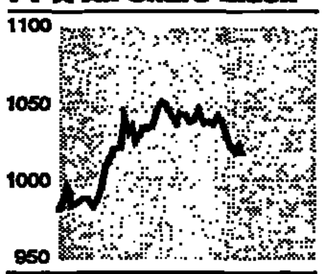
Berisford International was steady at 21p as turnover rose to 1.6m on speculation that Associated British Foods could be about to place its 22.9 per cent stake. Berisford has risen from the all-time low of 15p struck in the second week of December in anticipation of the £880m sale of British Sugar to A.B. Foods.

Asda was actively traded on a brokers' buy recommendation ahead of tomorrow's interim results. The shares closed a penny up at 117p on turnover of 7.7m, with analysts expecting profits of £60m to £62m, against £83.5m last time.

Dixons rose 5 to 139p as 2.4m changed hands in anticipation of better than expected interim results on Thursday. According to weekend press reports, profits will be £22m, after £5m to cover product guarantees is excluded. This compared with most analysts' estimates of around £18m.

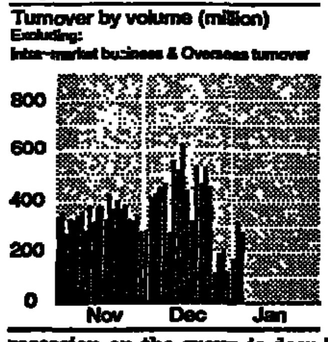
■ Other Market statistics, including the FT-Actuaries share index, Page 23

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Jan 7	Jan 4	Jan 3	Jan 2	Dec 31	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs	82.96	82.96	82.91	82.17	82.03	83.37	84.20 (2/1/90)	74.13 (30/4/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	90.93	90.91	90.81	90.59	90.62	92.83	92.91 (8/1/90)	83.80 (30/4/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1647.8	1659.5	1648.5	1655.7	1673.7	1956.5	1968.3 (3/1/90)	1510.4 (24/9/90)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	167.8	157.8	155.5	156.9	154.6	318.1	378.5 (6/2/90)	136.2 (18/12/90)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2113.3	2126.1	2117.8	2128.3	2143.5	2431.3	2463.7 (3/1/90)	1990.2 (28/9/90)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	925.46	947.24♦	937.41	931.10	938.06♦	-	1003.35 (6/12/90)	925.46 (7/1/91)	1003.35 (6/12/90)	925.46 (7/1/91)
Ord. Div. Yield	5.81	5.79	5.81	5.79	5.73	4.39				
Earning Yld %(full)	12.11	12.03	12.11	12.05	11.96	10.71				
P/E Ratio(Net)(☆)	9.98	10.04	9.98	10.03	10.10	11.30				
SEAQ Bargns 4.45pm	31,564	31,834	30,790	28,726	15,018	34,211				
Equity Turnover(£m)†	-	554.27	640.27	379.66	255.24	752.77				
Equity Bargains†	-	32,074	32,609	30,326	16,435	35,457				
Shares Traded (ml)†	-	284.6	317.9	183.9	120.6	315.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31/8/90. ☆ Nil 9.81 ♦-Indicative.

Ordinary Share Index, Hourly changes — Day's High 1661.6 — Day's Low 1643.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1656.8	1657.3	1661.1	1660.0	1655.4	1652.7	1649.6	1645.1	1648.3

FT-SE, Hourly changes — Day's High 2130.0 — Day's Low 2109.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2126.3	2124.1	2129.2	2129.0	2123.6	2120.6	2117.0	2111.3	2114.4

FT-SE Eurotrack 100, hourly changes — Day's High 934.48 — Day's Low 924.91

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
932.47	934.09	929.67	929.05	928.20	926.48	925.11

GILT EDGED ACTIVITY

Indices*	Jan 4	Jan 3
Gilt Edged Bargains	99.4	75.9
5-Day average	59.4	47.1

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	908	105	-2
ASDA Group	7,700	117	+1
Abbey National	1,200	226	-2
Allied-Lyons	994	477	-13
Amstrad	1,000	63	-1
Anglian Water	284	288	-1
Argos	533	247	
Argyll Group	1,900	245	-5
Ass. Brit. Foods	72	439	+2
BAA	1,600	405	
BAT Inds.	2,800	581	-8
BET	1,800	170	-1
BICC	693	336	-5
BOC	65	498	+1
BPB Inds.	56	180	
BTR	2,100	315	-4
Bank of Scotland	2,100	115	-½
Barclays	1,300	348	-8
Bass	136	1032	-4
Beazer	1,400	95	-1
Berisford Int.	1,600	21	
Blue Circle	2,730	218	-3
Boots	1,600	315	+1
Brit. Aerospace	678	522	-3
British Airways	744	142½	-½
British Gas	2,800	230	+3
British Land	705	281	-8
BP	3,300	325	+2
British Steel	3,000	116	-½
British Telecom	2,600	277	-5
Bunzl	551	67	+1
Burmah Castrol	63	487	-1
Burton	3,600	78	-1
Cable & Wire.	1,300	449	-11
Cadburys	300	322	
Calor Group	285	240	-1
Carlton Comms.	549	377	-6
Coats Viyella	2,300	104	
Comm. Union	1,000	451	-8
Cookson	334	97	-3
Courtaulds	422	318	-4
Dalgety	114	344	-1
Dixons	2,400	139	+5
ECC Group	343	346	-2
Eastern Elect.	2,220	139	-3
East Midland Elect.	3,000	144	-2
Enterprise Oil	752	598	+3
Eurotunnel Units	322	375	-3
FKI	920	48	
Ferranti	821	14	-½
Fisons	1,500	308	-7
Gen. Accident	245	468	-2
General Elect.	2,300	170	-1½
Glaxo	1,700	818	+7
Glynwed Int.	255	211	-1
Granada	1,800	168	-3
Grand Met.	2,200	675	
GUS A	296	1103	+8
GRE	472	189	-1
GKN	1,300	318	-7
Guinness	795	751	-7
Hammerson 'A'	1	623	-7
Hanson	4,800	182	-1
Hanson Warrants	13	31½	-½
Harrisons Crosfield	367	133	-1
Hawker Sidd.	1,300	433	-4
Hillsdown	1,800	240	
IMI	127	197	-3
ICI	959	871	+8
Inchcape	670	229	-2
Kingfisher	372	368	-2
Ladbroke	728	244	-5
Land Securities	1,100	513	-9
Laporte	44	473	-7
Legal & General	223	384	+3
Lloyds Abbey	275	329	-2
Lloyds Bank	820	290	-8
LASMO	1,400	370	+5
London Elect.	4,300	137½	-½
Lonrho	1,200	208	-5
Lucas	662	132	-3
MB Caradon	128	154	-1
MEPC	130	493	-9
Manpower	391	64	
Manweb	2,800	163	-½
Marks & Spencer	2,600	222	-2
Maxwell Comms.	65	150	
Midland Bank	669	178	-5
Midlands Elect.	2,300	140	-2
NatWest Bank	1,700	288	-4
Next	1,900	12½	
North West Water	151	282	-1
Northern Elect.	1,600	148	-1
Northern Foods	183	350	
Northumbrian Water	115	275	
Norweb	2,700	145	-2
Pearson	422	655	-3
P & O	2,100	503	-10
Pilkington	1,100	185	+3
Prudential	2,700	195	+3
RHM	375	302	+1
RMC	128	621	-3
RTZ	1,300	422	-1
Racal	9,500	169	-5
Racal Telecom	371	258	
Rank Org.	1,700	598	-10
Reckitt & Colman	269	1291	-3
Redland	65	504	-3
Reed Intl.	941	373	-5
Reg. Elect. Pkg Uts	11	£1450	-15
Reuters	587	689	+6
Rolls Royce	5,500	158	-1
Rothmans	679	707	-16
Ryl Bk Scotland	1,300	157	-4
Royal Insurance	2,008	388	-1
STC	347	324	
Saatchi	65	35	
Sainsbury	559	309	
Scottish & New.	378	358	-2
Sears	3,400	84	-1
Sedgwick	354	230	
Seeboard	1,400	141	-1
Severn Trent Water	420	242	
Shell Transport	2,200	449	+3
Siebe	546	321	+2
Slough Ests	332	224	-2
Smith (W.H.) A	433	385	-4½
Smith & Nephew	2,000	103½	+½
SmKl Beecham	749	607	-2
SmKl Beecham Uts.	58	2553	-30
Smiths Inds.	1,000	227	+1
Southern Elect.	2,600	142	-3
South Wales Elect.	1,500	157	-1
South West Water	208	266	
South West. Elect.	934	142	-3
Southern Water	421	248	-1
Standard Chartd.	1,300	238	-11
Storehouse	625	104	+1
Sun Alliance	2,600	326	-9
Sun Life	17	1060	-20
T&N	105	155	-1
TI Group	142	394	-4
TSB	1,700	130½	-2½
Tarmac	168	233	-3
Tate & Lyle	281	268	
Taylor Woodrow	663	205	-5
Tesco	1,000	230	-1
Thames Water	728	270	
Thorn EMI	873	674	-5
Trafalgar House	718	200	+1
Trusthouse Forte	171	244	-2
Ultramar	2,400	329	+2
Unigate	66	268	-2
Unilever	297	874	-6
United Biscuits	2,800	326	+3
Utd. Newspapers	1,000	296	-1
Water Package Uts.	0	£2610	
Wellcome	391	420	-15
Welsh Water	24	277	+1
Wessex Water	28	364	
Whitbread 'A'	408	435	-3
Wiggins Teape	2,600	181	
Williams Hldgs.	385	230	-1
Willis Corroon	1,100	297	
Wimpey	243	201	-3
Yorkshire Elect.	8,000	158	+½
Yorkshire Water	392	273	+4

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (8).
ELECTRICALS (2) FOODS (1) INDUSTRIALS (3) Barts Hldgs., De La Rue, Sanders & Sidney, TRUSTS (2).
NEW LOWS (112).
AMERICANS (1) CANADIANS (1) BANKS (3) BUILDINGS (12) STORES (3) ELECTRICALS (10) ELECTRICITY (3) ENGINEERING (4) HOTELS (1) INDUSTRIALS (18) Amber Inds., B. H. Prop., Bogod, Daimler Benz, Dean & Bowes, Doctus, Elsco, Elkem, Handley-Walker, ISA Intl., Kalsey Inds., Levercrest, Norton, Polymark, Porth, Powell Duffryn, Shanks & McEwan, Third Mile Inv., INSURANCE (2) LEISURE (3) PAPERS (1) PROPERTY (7) TEXTILES (1) TRUSTS (33) OILS (3) MINES (6).

APPOINTMENTS

Britannia Life makes promotions

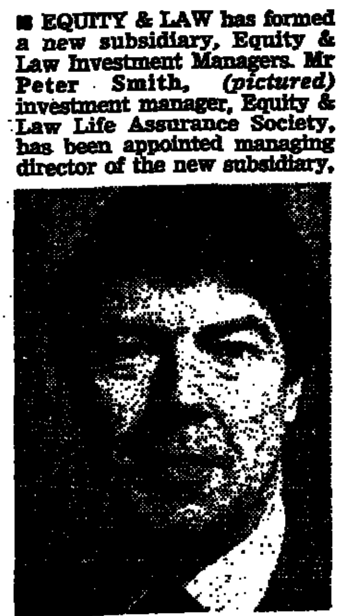
■ BRITANNIA LIFE, Glasgow, has made the following promotions. Mr Gavin M. Stewart joins the board as finance director, heading the accounting and actuarial divisions. He was general manager (actuarial). Mr Tom Anderson becomes general manager (sales and marketing) in a move which amalgamates these complementary areas. Mr John Meechan has been appointed general manager (customer services), heading a new division, and Ms Elspeth M.M. McLean is promoted to general manager (corporate services) from assistant general manager.

■ Mr Richard Lambert, editor of Financial Times, Mr David Bell, newspaper advertisement director, Mr Will Gibson, managing director of Financial Times Business Information, and Mr Gilles Brochen, managing director of Les Echos Group, have been appointed to the board of the FINANCIAL TIMES GROUP.

■ CPC (UNITED KINGDOM), Esher, has appointed Mr Ian Ramsay as director of operations. He has been with the company for 25 years. Mr Andrew Crawford has been appointed commercial director, best foods, responsible for developing the newly-acquired brands Marmite, Ambrosia and Bovril, as well as existing brands such as Hellmanns, Knorr and the Napolina range. Changes are from March 1.

■ Mr Nigel Young has been appointed finance director of FIRST TECHNOLOGY. He held a similar post at UNITED SCIENTIFIC HOLDINGS.

■ EQUITY & LAW has formed a new subsidiary, Equity & Law Investment Managers. Mr Peter Smith, (pictured) investment manager, Equity & Law Life Assurance Society, has been appointed managing director of the new subsidiary,



with Sir Douglas Wass as chairman, and Mr C.J. Brocksom, Mr J.P. Hellebuyck and Mr J.P. Smith as directors.

■ GRIPPERRODS INTERNATIONAL, Horsham, part of C.H. Industrials, has appointed Mr Keith Tester as financial director. He was director and general manager of the company's Cannock central distribution centre.

Changes at Northern Foods

■ NORTHERN FOODS, Hull, has appointed the following to the group executive committee: Mr Neil Davidson, managing director of Ashby Dairy Co, who adds responsibility for Dale Farm Foods and Dale Farm Dairies (Ireland); Mr Matthew Gribbin, managing director of Bowyers, who adds responsibility for T.N. Parr, Nottingham; Mr David Salkeld, who becomes managing director of Northern Dairies; Mr Robin Southgate, group technical executive; Mr Brian Stein, managing director of Pork Farms, who adds responsibility for Palethorpes; Mr Jo Stewart, managing director of Fox's Biscuits, who adds responsibility for Elkes Biscuits; and Mr Julian Wild, company secretary and business development executive.

■ Mr A.J. Murray has been appointed chief executive of TIMBER GROWERS UK, an organisation representing the interests of private woodland owners. He was director of finance and development, and takes over from Mr Ronnie Williams who becomes executive director of the Forestry Industry Committee of Great Britain. Mr Peter Wilson becomes technical director.

■ Mr Angus Maitland, formerly chairman and chief executive of the VPI Group, has been appointed a vice chairman of BURSON-MARSTELLER INC, based in London.

■ Mr Richard Jewson, deputy chairman of Meyer International, and Mr Sinclair Thomson, chief executive of Hepworth, are to be appointed to the board of ANGLIAN WATER as non-executive directors.

Yorkshire Bank senior posts

■ YORKSHIRE BANK has appointed Mr David Knight as assistant general manager, group services. He was assistant general manager, strategic planning, and will add administration, previously the responsibility of Mr Eric Robinson who has retired. Mr Michael Allsopp, controller advances, west, becomes assistant general manager, corporate and financial management. He is succeeded by Mr David Mortimer who was controller marketing. Mr Grahame P. Savage, managing director of Yorkshire Bank Retail Services, becomes controller, marketing and planning. Mr Robinson retains a non-executive chairmanship of YB Retail Services.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]		11.78	[illegible]
[illegible]	[illegible]	Funding 5¾pc '87-91	[illegible]		5.84	[illegible]
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	[illegible]	3.08	[illegible]
[illegible]	[illegible]	Treas 10pc Cv '91	[illegible]		10.10	[illegible]
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]		11.08	[illegible]
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]		8.26	[illegible]
[illegible]	[illegible]	Treas 12¾pc 1992	[illegible]	[illegible]	12.62	[illegible]
[illegible]	[illegible]	Treas 10pc 1992	[illegible]		10.19	[illegible]
[illegible]	[illegible]	Treas. 8pc 1992	[illegible]		8.34	[illegible]
[illegible]	[illegible]	Treas 10½pc Cv 1992	[illegible]		10.63	[illegible]
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]		3.29	[illegible]
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]		12.14	[illegible]
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]		13.09	[illegible]
[illegible]	[illegible]	Treas 8¼pc 1993	[illegible]		8.73	[illegible]
[illegible]	[illegible]	Treas 10pc 1993	[illegible]	[illegible]	10.24	[illegible]
[illegible]	[illegible]	Treas 12½pc 1993	[illegible]		12.15	[illegible]
[illegible]	[illegible]	Funding 6pc 1993	[illegible]	[illegible]	6.69	[illegible]
[illegible]	[illegible]	Treas 13¾pc 1993	[illegible]	[illegible]	12.96	[illegible]
[illegible]	[illegible]	Treas. 8½pc 1994	[illegible]	[illegible]	9.09	[illegible]
[illegible]	[illegible]	Treas 14½pc 1994	[illegible]		13.25	[illegible]
[illegible]	[illegible]	Exch 13½pc 1994	[illegible]	[illegible]	12.65	[illegible]
[illegible]	[illegible]	Treas. 10pc Ln. 1994	[illegible]	[illegible]	10.26	[illegible]
[illegible]	[illegible]	Exch. 12½pc 1994	[illegible]	[illegible]	11.98	[illegible]
[illegible]	[illegible]	Treas 9pc 1994	[illegible]	[illegible]	9.56	[illegible]
[illegible]	[illegible]	Treas 12pc 1995	[illegible]	[illegible]	11.59	[illegible]
[illegible]	[illegible]	Exch 3pc Gas 90-95	[illegible]		3.60	[illegible]
[illegible]	[illegible]	Exch 10¼pc 1995	[illegible]	[illegible]	10.49	[illegible]
[illegible]	[illegible]	Treas 12¾pc 1995	[illegible]	[illegible]	11.92	[illegible]

Five to Fifteen Years

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	Treas. 14pc '96	[illegible]	[illegible]	12.63	[illegible]
[illegible]	[illegible]	Treas 9pc 1992-96	[illegible]	[illegible]	9.61	[illegible]
[illegible]	[illegible]	Treas 15¼pc 1996	[illegible]	[illegible]	13.08	[illegible]
[illegible]	[illegible]	Exch 13¼pc 1996	[illegible]	[illegible]	12.15	[illegible]
[illegible]	[illegible]	Conversion 10pc 1996	[illegible]	[illegible]	10.35	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS—Contd

Index-Linked

1990/91 High	Low	Stock	Price £	+ or -	Yield (1)	(2)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INT. BANK AND O'SEAS

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building Societies

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1990/91 High	Low	Stock	Price £	+ or -	Div %	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

1990/91 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS—Contd

1990/91 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
19¼	524p	Chem. Banking Corpn	588p	+17	$1.00	-	8.6
12½	5⅞	Chrysler $6¼	6½xd	+⅛	$1.20	-	9.4
18¼	5⅞	Citicorp $1	6⅝xd	+¼	$1.00	-	7.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

1990/91 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

LONDON SHARE SERVICE

BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£13⅞	£9	ABN Amro F15	£9¼	−⅛	Q28%	2.1	8.9	5.3
303	122	ANZ SA1	122	−6	Q38c	♦	12.0	♦
234	172	Abbey National 10p	226	−2	5.7	4.3	3.4	9.2
•274	128	Allied Irish Ord	132	−2	†Q40%	3.3	6.8	6.0
85	47	Anglo Irish	57	.....	Q18.6%	2.3	7.3	7.5
93	60	Ansbacher (H.) 1p	60	.....	2.5	1.3	5.6	17.3
£71⅛	£32½	Bancaire Cie Fr100	£44¾	−1⅛	hQ12½%	–	3.0	–
£22⅞	£12⅞	Banco Bilbao Viz	£13⅞	+⅛	Q49.1%	2.7	6.1	9.0
£58½	£23¼	Banco de Santander	£23¾	.....	Q24.7%	2.5	4.2	9.5
286	130	Bank Ireland Ir£1	142	−2	Q14.7%	2.9	9.3	5.0
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
351	320	Bank Leumi (U.K.)	358	.....	†15.0	–	5.7	–
129½	100	Bank Scotland	115	−½	†4.55	3.4	5.3	7.3
101¼	83¼	Do. 9¼pc Irrd Pf	97¼	−½	9¼%	–	12.6	–
54	39	Bank of Wales	42	.....	2.8	0.8	8.9	(20.2)
428	290	Barclays £1	348	−8	rh19.57	3.5	7.5	4.8
22	10	Benchmark 20p	11	+1	0.75	–	9.1	–
335	201	Brown Shipley £1	201	−4	†12.0	2.2	‡	6.5
•435	285	Cater Allen £1	389	−1	F24.5	–	8.4	–
179	29	Chancery	44	.....	†9.0	2.7	‡	1.8
£23¼	£14	Commerzbk DM10	£15¼	−¼	Q18%	–	4.1	–
£13⅛	620	Dai Ichi KBk Y50	762	+12	Q17%	6.2	0.4	36.0
£313½	£189½	Deutsche Bk DM50	£198¼	−7¾	Q28%	–	2.4	–
£20⅞	£14⅞	Espirito Santo	£16⅞	+⅛	Q75c	5.1	2.3	8.5
253	166	First Nat. Fin. 10p	178	.....	13.0	♦	10.2	♦
121	82	FNFC 6 3pc Cv Pf	88xd	+2	6.3%	–	9.5	–
£13⅛	633	Fuji Bank Y50	950	+11	†Q17%	6.9	0.4	40.4
325	262	Gerrard & National	315	.....	19.0	–	8.0	–
154	73	Guinness Mahon 10p	73	.....	1.45	♦	2.6	♦
328	194	Hambros 20p	232	−1	†11.5	–	6.6	–
128	88	Do. 7.5pc Cv Pf	100	.....	7½%	–	10.0	–
53½	29	HK & Shang HK$2.50	31	+½	thQ38c	–	8.2	–
478	373	Joseph (Leo) £1	378	.....	15.85	–	5.6	–
150	105	King & Shaxson 20p	125	.....	10.25	–	10.9	–
422	262	Kleinwort Benson Grp	272	.....	16.0	2.5	7.8	6.4
642	316	Kyowa Bank Y50	398	−10	Q14%	♦	0.8	♦
316	220	Lloyds £1	290	−8	†13.3	2.6	6.1	6.8
56	44	Lon. Scot. Bank 10p	51	.....	†2.4	1.9	6.3	10.1
404	176	Midland £1	178	−6	†18.0	2.6	13.5	3.7
£14½	£10½	Mitsubishi Bank Y50	£10½	.....	†Q17%	♦	0.3	♦
£12¼	£4¾	Mitsubishi Tst & Bk Y50	£6⅞	−¼	Q17%	12.4	0.6	12.7
£10⅝	£4	Mitsui Taiyo Kobe Y50	£7¼	−⅛	†Q16%	6.0	0.4	39.5
904	410	Mitsui Tst & Bk Y50	566	−3	Q17%	♦	0.6	♦
326	203	Nat Aust. Bk. A$1	208	.....	Q55c	♦	10.2	♦
368	227	NatWest £1	269	−4	†16.7	3.3	8.3	4.9
£210	£110	Ottoman Bank	£115	.....	Q110%	2.8	9.6	3.7
55	26	Rea Bros. Group	28	.....	0.5	3.2	2.4	14.0
227	119	Royal Bk. Scotland	157	−4	8.4	q2.5	7.1	7.4
795	338	Saitama Bank Y50	382	.....	♦Q14%	♦	0.7	♦
£12¼	567	Sanwa Bank Y50	731	.....	Q17%	6.7	0.5	32.0
902½	613	Schroders £1	698	.....	h12.5	5.9	2.4	9.4
712½	413	Do. £1 N/V	443	.....	h12.5	5.9	3.8	6.0
£25¼	£9⅛	Sec. Pacific $10	£10½	+⅛	Q$2.52	–	12.2	–
616	235	Standard Chartd. £1	238	−11	35.0	1.4	19.6	(4.5)
£16⅛	£5⅛	Sumitomo Bank Y50	£7½	−⅛	†hQ16%	7.5	0.4	31.2
£11	£4¾	Sumitomo Tst & Bk Y50	£6	−⅛	Q17%	6.9	0.6	25.5
147	114	TSB	138½	−2½	†5.8	2.5	5.6	8.5
175	114	TSB Bank Ch'nel Is'l	123xd	.....	Q8.0	♦	6.5	♦
£463	£4⅛	Tokai Bank Y50	£5⅛	−⅛	Q16%	4.1	0.8	38.0
920	484	Toyo Tst & Bk Y50	664	−1	hQ15.2%	6.9	0.5	29.7
611	499	Union Discount £1	579	.....	33.0	–	7.7	–
525	284	Warburg (S.G.)	333	−1	15.0	3.0	6.0	7.5
180	98	Do 6pc Cnv Prf	115	.....	6%	–	7.0	–
279	130	Westpac SA1	130	−1	Q52.5c	1.2	15.6	5.3
420	293	Wintrust 20p	295	.....	8.7	4.2	3.9	8.2
969	509	Yasuda Tst & Bk. Y50	610	+6	Q17%	5.9	0.6	30.5

Hire Purchase, Leasing, etc.

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
175	40	CLF Yeoman 50p	50	.....	†Q18.5%	3.2	‡	2.4
71	44½	Cambridge Grp Ir5p	46½	.....	†07½%	15.6	0.7	11.3
55	11	♦Capital Leasing Ir10p	37½	.....	†Q13%	3.5	2.8	9.3
•64	46	Cattle's (Hdgs) 10p	53xd	.....	K3.8	1.9	9.6	8.1
426	362	Prov. Financial	402	.....	†20.5	2.1	6.8	9.3
•232	128½	♦Reflex Invs. Ir5p	128½	.....	†Q51%	7.9	1.8	9.4
225	192	Secure Trust Grp. 10p	197	.....	†8.5	2.8	5.8	8.3
210	135	Woodchester IR20p	160	.....	†Q16.7%	5.9	1.9	11.9

BEERS, WINES & SPIRITS

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
520	408	Allied-Lyons	477	−13	†16.95	2.3	4.7	10.3
£26½	£18½	Anheuser-Busch $1	£21	+½	Q$1.00	–	2.4	–
1128	895	Bass	1032	−4	32.4	q3.0	4.2	10.1
170	129	Boddington	147	.....	†5.1	2.3	4.6	12.4
206	161	Bulmer (H.P.) 5p	180xd	.....	†7.65	1.7	5.7	12.1
227	124	Burtonwood Brewery	124	−2	3.98	3.1	4.3	9.0
400	290	Clark (Matthew)	362	+4	13.5	2.7	5.0	9.8
286	115	Devenish (J. A.) 5p	141xd	+1	5.3	♦	5.0	♦
225	85	Do 4.5pc Cv 2ndPf	106	+3	4½%	–	5.7	–

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS — Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS — Contd

ELECTRICITY

ENGINEERING

ENGINEERING — Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) — Contd

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

هكذا من الأصل

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES – Contd

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY – Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST – Contd

INVESTMENT TRUST – Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

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FT MANAGED FUNDS SERVICE

AUTHORISED UNIT TRUSTS

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9GS 0244 680066

M & S Inv P'folio	5¼	95 42	95 42xd	102 0	-0.3	2.94
Do Accum	5¼	100 9	100 9xd	107 9	-0 3	2.94
UK Sel P'folio	5¼	84 39	84.39xd	90.25	-0 52	3.88
Do Accum	5¼	88 21	88.21xd	94.34	-0.53	3 88

Marlborough Managed Trust (1630)F
57 Victoria Square, Bolton, BL1 1LA 0204 364842

Managed Tst	5	46 62	47.00	50.00	......	5.20

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlg 031-220 4924

Far East (Pacific)	5¼	75 94	75 94	80 61	+0.49	0.52
Income & Growth	5¼	51 34	51.34	54.50	-0 04	5 89
European	5¼	48 40	48.40	51.38	+0 2	1.14
Nth American	5¼	29 70	29 70	31.52	-0 43	1 66
Intl Growth	5¼	49.80	50 91	54 04	+0.41	0.93
UK Growth	5¼	45 81	45 81	48.63	-0 06	3.56
Intl Income	5¼	41 19	41 69xd	44.25	+0 43	7.34
High Yield	5¼	39 56	40 14xd	42.61	+0.12	8 64
Charities	5¼	79.42	80 66	85 62	+0.19	7.14
Japan	5¼	32 43	32.43	34 42	-0.29	—

Matheson Unit Trust Managers Ltd (1200)H
Admin 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

UK Growth	6	57.80	57 80	61.82	-0 14	4.90
UK High Income	6	30.32	30.32	32.43	-0 03	6.23

NFU Mutual Unit Mngrs Ltd (1400)F
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

Avon Equity	6	77.19	78.73xd	83.76	-0.20	4.51

NM Unit Trust Mngrs (1200)H
The Bilton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 387730

American ♥	5¼	25 03	25.03xd	26 69	+0.39	1.91
(Accum Units) ♥	5¼	26 79	26.79	28 57	+0 43	1.91
Australian ♥	5¼	133 40	134 00	143.70	+1.50	2.49
(Accum Units) ♥	5¼	151.90	152.50	163 60	+1.70	2.49
Conscience	5¼	42.21	43.18xd	46 08	+0 14	1.69
(Accum Units)	5¼	44.27	45.29	48 33	+0 14	1.69
European	5¼	124 80	126.10	134 50	-1 80	1.16
(Accum Units)	5¼	131.70	133.20	142.00	-1.80	1.16
Extra Income	5¼	56 79	57 79	61.67	+0 03	9 91
(Accum Units)	5¼	76 14	77.47	82 67	+0 04	9 91
Far East Gth Acc ♥	5¼	89.79	89.79	95.98	-2 61	0 32
Gilt & F.I	5¼	51 18	51.18	54 17	-0.14	9.25
(Accum Units)	5¼	104.10	104.10	110.10	-0.30	9.25

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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TSB Unit Trusts (1200)H

Target Trust Mngrs Ltd (1400)F

Templeton Unit Trust Managers Ltd (1200)F

Thornhill Unit Trust Managers Ltd (1200)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngrs Ltd (0900)F

Touche Remnant Unit Tst Mngt Ltd (1600)F

Trades Union Unit Tst Mngrs (1200)H

Triton Fd Mngrs Ltd (1200)H

United Charities Unit Trusts (1000)H

Waverley Unit Tst Mngmt Ltd (1000)F

Whittingdale Unit Tst Mgmt Ltd

Wright Seligman Fund Mngrs Ltd (1700)F

The Yorkshire Unit Tst Mngrs Ltd (1100)F

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Charities Official Investment Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Henderson Unit Trust Management Ltd

Lazard Brothers & Co. Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

MIM Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

NM Rothschild Asset Management Ltd

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Acorn Life Assurance Ltd

Allied Dunbar Assurance Plc

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc—Contd.

Ambassador Life Assce. Co Ltd

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

Britannia Life Assurance Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citibank British National

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Cornhill Insurance PLC

Crown Financial Management Ltd

Crusader Insurance Plc

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insur Plc

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Guardian Royal Exchange—Contd.

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

The Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

ManuLife Group PLC

Merchant Investors Assurance Co Ltd

Merchant Investors Assurance Co Ltd — Contd.

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

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FT MANAGED FUNDS SERVICE

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	89.7	94.4	-0.2	-
Pension Managed Fd	85.7	90.2	-0.3	-
Life Deposit Fd	103.5	109.0	+0.1	-
Pension Deposit Fd	107.1	112.7	+0.1	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	97.4	102.6		-
Managed Growth	117.8	124.1		-
Managed Opportunity	113.8	119.8		-
NFMC Target Financial	86.4	91		-
Pension Funds				
Managed Cautionary	105.6	111.2		-
Managed Growth	125.4	132		-
Managed Opportunity	117.5	123.7		-
NFMC Target Mngd Pen	1320.3	1389.8		-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

Harvester Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	141.5	149.0		-
UK Equity	147.3	155.1		-
Overseas Equity	112.2	118.2		-
Fixed Interest	133.6	140.7		-
Property	126.8	133.5		-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690535

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	137.5	145.5		-
Accum Equity	194.0	205.0	+0.5	-
Accum Managed	198.5	209.0		-
Accum Five Star	147.5	156.0	-1.0	-
Accum World	106.5	113.0		-
Accum Lifetime	100.3	100.3	-0.3	-
Pens Acc Equity	202.5	214.0	+0.5	-
Pens Acc Managed	234.5	247.8		-
Pens Acc Intl	166.5	176.0	+0.5	-
Pens Acc Deposit	189.0	198.5		-
Pens Acc Five Star	155.0	163.5	-1.5	-

Providence Capital Life Ass. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	195.8	206.6	-0.3	-
UK Fixed Int Acc	165.5	174.6	+0.3	-
Intl Equities Acc	147.3	155.4	-0.5	-
UK Managed Acc	155.0	163.5	-0.2	-
Property Acc	223.6	235.9	-0.1	-
Money Acc	124.5	131.4	+0.1	-
Special Market Acc	120.0	126.6	+0.7	-
Japan Equity Acc	86.1	90.9	-1.1	-
North American Acc	83.4	88.0	+1.3	-
Pacific Acc	73.4	77.5	+0.2	-
Technology Acc	92.8	97.9	+0.5	-
Nat Resources Acc	52.3	55.2	-0.8	-
European Acc	88.9	93.8	-0.5	-
Residential Prop Acc	95.9	101.2		-
Swiss Equities Acc	30.3	32.0	-0.3	-

Royal Heritage Life Assurance Ltd—Contd.
Pension Unit Trust Funds

Gartmore Global Ser B
Gartmore NA Ser B
Gartmore Pacific Ser B
Henderson Acc Ser B
Perpetual Mng Ser B
Framlington Mn Ser B
Gartmore Mngd Ser B
Gartmore Euro Ser B
Gartmore Global Ser D
Gartmore NA Ser D
Gartmore Pacific Ser D
Henderson Acc Ser D
Perpetual Mng Ser D
Framlington Mn Ser D
Gartmore Mngd Ser D
Gartmore Euro Ser D
Knightsbridge CNS Pen
Ayr Euro Pen
Baring Funds
Australia
Eastern
European Smllr Cos
Japan Sunrise
Managed
MIM Britannia
European Smaller
US Smlr Co's
Extra Inc
Sth & East Asia Gwth
Gold
Inc Growth

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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	Bid Price	Offer Price	+ or -	Yield Gross
Nikko Capital Mngt (Europe) Ltd				
Japan Index Fund	Y2,623	2,690	—	—
New Generation Fd $	$10 89	20 10	—	—
Japan Index Alpha	Y7,982	8,111	—	—
Jap Sector Rotation	Y6,698	6,796	—	—
Jap Cap Grwth CB	[illegible]	[illegible]	—	—
Prudential Intl Financial Services Ltd				
Holborn Currency Fund				
Managed Sterling	130.8	131.5	+0.6	10 70
Managed Dollar	$14.20	14 25	-0.08	7 61
Sterling Deposit	100.0	100 0	—	10.37
Dollar Deposit	$10 00	10.00	—	—
DM Deposit	DM50.46	50 85	—	—
SwFr Deposit	SF50.00	50.00	—	6.17
J. Yen Deposit	Y5,055	5,075	—	9.29
Saudi International (Guernsey) Ltd				
Intl Bond	$10.33	10.51	—	—
Intl Dollar	$10 30	10 31	—	—
Intl Equity	$10 54	10.90	—	—
Falcon High Income	$89.37	89.37	—	—
Sovereign Asset Management Limited				
Olympic Options Ltd	£9.1497	9 4346	—	—
Stonehage Fund Mngrs Ltd				
Intl Man Fd	$11.47	11.53	—	—
U.S. Treasury Securities Fund Ltd				
Short Term Shares		$745.73	—	—
Fixed Income Shares		$868.14	—	—
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Mdu Growth		$10.06	-0 12	—
Yamaichi ISS Fund		$7.02	-0.13	—
Yamaichi CB Plus Fund		$7.73	-0.12	—
Thai New Fund		$9.00	—	—

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F

PO Box 63 Bond Street, St Helier, Jersey 0534 76029

INVESCO MIM International Limited

PO Box 271, St Helier, Jersey 0534 73114

Lloyds Bank (CI) U/T Mgrs.

PO Box 195, St Helier, Jersey 0534 27561

Dealing daily

Midland Bank Fund Managers (Jersey) Ltd

PO Box 26, St Helier, Jersey 0534 37788

Royal Trust Jsy Fd Mngt Ltd (2400)F

JERSEY (REGULATED)(**)

[illegible]

Scimitar Worldwide Money Fund Ltd

Scimitar Worldwide Selection Fd Ltd

Schlesinger Kemp-Gee Mngmt., Jersey

TSB Trust Funds (CI)

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Fears of war boost dollar

PESSIMISM that tomorrow's talks between Mr James Baker, US secretary of state, and Mr Tareq Aziz, Iraqi foreign minister, would find a way of averting war in the Gulf led to increased demand for the dollar yesterday. Weak US economic fundamentals failed to prevent the market returning to the dollar as a safe haven at a time of international tension.

Iraq's President Saddam Hussein told his troops to prepare for war and threatened to extend the conflict around the world, while Mr Baker indicated that the US is not in favour of extending the January 15 deadline for Iraq to withdraw from Kuwait.

There were no fresh economic factors yesterday, but the dollar's improvement happened in spite of last week's depressing news for the currency, which included a record fall in US factory orders, rising unemployment and lower bank prime rates.

By the London close, the dollar had climbed to DM1.5325 from DM1.5060; to Y136.65 from Y135.10; to SFr1.2915 from SFr1.2755; and to FFr5.2025 from FFr5.1100. On Bank of England figures the dollar's index was up 0.9 to 62.1.

Sterling lost ground to the surging dollar, but improved against its partners in the European Monetary System. Data produced by the European Commission, during the European afternoon, showed the pound as the weakest EMS exchange rate mechanism member, but shortly after the London close sterling moved slightly above the French franc and Danish krone.

Recent comments by Mr John Major, the UK prime minister, and Mr Norman Lamont, chancellor of the exchequer, have appeared to rule out an early cut in British interest rates or a devaluation of sterling within the ERM. This, coupled with a general weakening of the D-Mark, provided the pound with support.

Sterling fell 2¾ cents to $1.9060, but rose to DM2.9200 from DM2.9125. It also improved to FFr9.9150 from FFr9.8800, while declining to Y260.50 from Y261.25 and to SFr2.4625 from SFr2.4650. The pound's index lost 0.4 to 93.8. In New York, sterling finished 15 points lower at $1.9045.

In Frankfurt the D-Mark fell to its lowest close against the dollar since October 8 and to its weakest finish against sterling since November 29.

The position of the US and UK as oil producers, as dealers became increasingly worried about a war starting in the Gulf, boosted the dollar and pound. The D-Mark also weakened on fears about the cost of German unity and speculation that the Bonn government would be forced to resort to heavy borrowing. Uncertainty about the political situation in the Soviet Union continued to weigh on the D-Mark.

At the Paris fixing the D-Mark declined to FFr3.3900 from FFr3.3960, and in Milan the D-Mark fell to L751.17 from L752.40 without any intervention from the Bank of Italy.

£ IN NEW YORK

Jan.7	Close	Previous Close
£ Spot	1.9040-1.9050	1.9345-1.9355
1 month	1.11-1.09pm	1.09-1.08pm
3 months	2.86-2.83pm	2.98-2.96pm
12 months	9.05-8.95pm	9.33-9.26pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 7	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.901	-2.79	3.72	49
Belgian Franc	42.4032	42.2212	-0.43	1.26	23
D-Mark	2.05586	2.04854	-0.36	1.19	26
Dutch Guilder	2.31643	2.30954	-0.30	1.13	17
Irish Punt	0.767417	0.765650	-0.23	1.06	13
Italian Lira	1538.24	1539.07	0.05	0.77	0
Danish Krone	7.84195	7.88608	0.56	0.26	-23
French Franc	6.89509	6.94917	0.78	0.04	-40
Sterling	0.696904	0.702679	0.83	0.00	-16

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
F Fr.	1.009	1.922	2.945	262.7	10.	2.483	3.323	2215	2.216	60.67
S Fr.	0.406	0.774	1.186	105.8	4.027	1	1.338	892.0	0.892	24.43
H Fl.	0.303	0.578	0.886	79.06	3.009	0.747	1	666.5	0.667	18.25
Lira	0.455	0.868	1.330	118.6	4.515	1.121	1.500	1000.	1.000	27.39
C $	0.455	0.868	1.329	118.6	4.513	1.121	1.500	999.5	1	27.38
B Fr.	1.663	3.169	4.855	433.1	16.48	4.093	5.478	3651	3.653	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

OTHER CURRENCIES

	£	$
Kuwait	N/A	N/A
Luxembourg	60.10 - 60.20	31.50 - 31.60
Malaysia	5.1610 - 5.1695	2.7190 - 2.7210
Mexico	5594.50 - 5616.75	2950.00 - 2960.00
N Zealand	3.2150 - 3.2200	1.6905 - 1.6935
Saudi Ar	7.1420 - 7.1830	3.7490 - 3.7510
Singapore	3.3385 - 3.3460	1.7560 - 1.7580
S.Af (Cm)	4.8840 - 4.8965	2.5820 - 2.5835
S.Af (Fn)	6.4715 - 6.5825	3.4015 - 3.4600
Taiwan	51.55 - 51.65	27.10 - 27.15
U.A.E.	6.9950 - 7.0355	3.6720 - 3.6740

* Selling rate

FINANCIAL FUTURES AND OPTIONS

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Close	High	Low	Prev.
Mar	0.7714	0.7754	0.7675	0.7824
Jun	0.7692	0.7730	0.7650	0.7800
Sep	0.7672	-	0.7650	0.7779
Dec	0.7658	-	0.7640	0.7764
Mar	-	-	-	-

STANDARD & POORS 500 INDEX
$500 times index

	Close	High	Low	Prev.
Mar	317.55	321.90	317.20	323.25
Jun	320.25	324.60	320.00	325.90
Sep	322.65	326.40	322.35	327.90

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9060	1.8950	1.8777	1.8545	1.8165

IMM-STERLING $s per £

	Close	High	Low	Prev.
Mar	1.8908	1.8864	1.8740	1.9116
Jun	1.8564	1.8618	1.8464	1.8864
Sep	1.8358	-	1.8248	1.8648

BASE LENDING RATES

	%		%		%
ABN Bank	14	Co-operative Bank	*14	Nat Bk. of Kuwait	15
Adam & Company	14	Coutts & Co	14	NatWestminster	14
Allied Trust Bank	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
AIB Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
● Henry Ansbacher	14	Duncan Lawrie	14	Provincial Bank PLC	15
Associates Cap Corp	15½	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
● B & C Merchant Bank	14	Exeter Bank Limited	14½	Royal Bk of Scotland	14
Bank of Baroda	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Banco Bilbao Vizcaya	14	First National Bank Plc.	16	● Smith & Williamson Secs.	14
Bank Credit & Comm	14	● Robert Fleming & Co.	14	Standard Chartered	14
Bank of Cyprus	14	Robert Fraser & Ptnrs.	14½	TSB	14
Bank of Ireland	14	Girobank	14	Unibank plc	14
Bank of India	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of Scotland	14	● Hambros Bank	14	United Mizrahi Bank	14
Banque Belge Ltd	14	Hampshire Trust Plc	14½	Unity Trust Bank Plc	14
Barclays Bank	14	Heritable & Gen Inv Bnk.	14	Western Trust	14
Benchmark Bank	14	● Hill Samuel	14	Westpac Bank Corp.	14
Brit Bk of Mid East	14	C. Hoare & Co.	14	Whiteaway Laidlaw	14
● Brown Shipley	14	Hongkong & Shangh	14	Yorkshire Bank	14
Cl Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bnk.	14		
Clydesdale Bank	14	Midland Bank	14		
Comm.Bk.of London Plc	14	Mount Banking	14		

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MONEY MARKETS

London rates steady

INTEREST RATES were steady on the London money market yesterday as the pound lost ground to the strong dollar but improved against the D-Mark.

Comments by Mr John Major, the UK prime minister, appeared to rule out an early cut in bank base rates, while the Gulf situation remained tense on the apparent lack of any softer attitude in either Baghdad or Washington.

UK clearing bank base lending rate
14 per cent
from October 8, 1990

Three-month interbank was unchanged at 13 13/16-13¾ per cent, and 12-month money was steady at 12 15/16-12 13/16 per cent.

Short sterling futures finished little changed on Liffe. The March contract opened slightly higher at 87.17, and fell to a low of 87.03. This was slightly above the next technical support level of 86.95, but then rebounded to close at 87.13 compared with 87.14 previously.

The supply of day-to-day credit was fairly comfortable on the London money market, but the Bank of England did not appear to supply enough help to take out the full underlying shortage. A shortage of £500m was forecast and the authorities gave assistance of £283m.

Before lunch the Bank of England bought £161m bills outright by way of £5m Treasury bills in band 2 at 13¾ per cent and £156m bank bills in band 2 at 13¾ per cent. In the afternoon another £12m bank bills were purchased in band 2 at 13¾ per cent. Late assistance of around £10m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,145m, with exchequer transactions absorbing £120m. These outweighed a fall in the note circulation adding £630m to liquidity and bank balances above target of £135m.

In Paris the Bank of France left its money market intervention rate at 9¼ per cent and its five to 10-day repurchase rate at 10 per cent when adding liquidity at a securities repurchase tender.

In Amsterdam the Dutch Central Bank cut its rate on special advances to the domestic money market to 8.80 from 8.90 per cent. This applies to seven-day advances, replacing an expiring five-day facility today.

In Frankfurt call money was unchanged at 8.50 per cent. Banks made ample use of their 8.50 per cent Lombard borrowing facilities to build up reserves against the possible danger of higher rates later in the month.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.7) 3 months US dollars		6 months US Dollars	
bid 7 1/16	offer 7 3/16	bid 7 1/16	offer 7 3/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

4pm					
Prime rate	9.5	One month	5.93	Three year	7.41
Broker loan rate	9	Two month	6.59	Four year	7.64
Fed.funds	7¼	Three month	6.72	Five year	7.75
Fed. funds at intervention	-	Six month	6.83	Seven year	8.03
		One year	6.84	10-year	8.13
		Two year	7.21	30-year	8.32

Jan.7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.45-8.55	8.85-9.00	9.00-9.15	9.10-9.25	9.25-9.40	8.50
Paris	9 15/16-10 1/16	9¾-10	-	9¾-10	-	9.25
Zurich	7½-8½	8⅝-8⅞	-	8⅝-8⅞	-	-
Amsterdam	9.35-9.45	9.35-9.43	-	9.48-9.56	-	-
Tokyo	8-8½	8⅛-8¼	-	-	-	-
Milan	12½-12¾	13⅛-13¼	-	13⅛-13¼	-	-
Brussels	7.40	9 15/16-10	-	9 15/16-10⅛	-	-
Dublin	9¾-10	11-11¼	11½-11¾	11½-11¾	11½-11¾	-

LONDON MONEY RATES

Jan 7	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15	14	14⅛	14	13½	13
Interbank Bid	13¾	13¾	14	13⅞	13⅜	12⅞
Sterling CDs	-	-	14⅛	13 13/16	13⅜	12⅞
Local Authority Deps.	13⅞	13⅞	14	13 13/16	13⅜	12⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	14⅛	13⅞	13⅞	13	-	-
Company Deposits	-	-	14 1/16	14	13 7/16	12 15/16
Finance House Deposits	-	-	14 1/16	13¾	13⅜	12 13/16
Treasury Bills (Buy)	-	-	13⅝	13⅝	-	-
Bank Bills (Buy)	-	-	13⅝	13⅝	12⅞	-
Fine Trade Bills (Buy)	-	-	14⅛	14	13⅞	-
Dollar CDs	-	-	7.53	7.53	7.53	7.50
SDR Linked Dep. Offer	-	-	8⅞	8 13/16	8 13/16	8 13/16
SDR Linked Dep. Bid	-	-	8¾	8 11/16	8¾	8¾
ECU Linked Dep. Offer	-	-	10⅛	10½	10⅜	10⅜
ECU Linked Dep. Bid	-	-	10⅛	10⅜	10¼	10¼

Treasury Bills (sell); one-month 13 11/32 per cent; three months 13 3/32 per cent; six months 12⅞ per cent; Bank Bills (sell) one-month 13 11/32 per cent; three months 13 3/32 per cent; Treasury Bills; Average tender rate of discount 13.0782 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 31, 1990. Agreed rates for period Jan 26, 1991 to Feb 25, 1991, Scheme I: 14.54 p.c., Schemes II & III: 15.09 p.c. Reference rate for period Dec 1, 1990 to Dec. 31, 1990, Scheme IV&V. 13.843 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from January 1, 1991. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent, three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Dec 8, 1989, Deposits withdrawn for cash 5 per cent.

LEGAL NOTICES

CENTRAL MAINTENANCE SERVICES LIMITED

Registered Number: 1658455
Nature of business: Provision of maintenance services
Date of appointment of joint administrative receivers: 18 December 1990
Name of person appointing the joint administrative receivers: National Westminster Bank Plc
JOSEPH PATRICK CONSIDINE and CHRISTOPHER JOHN HUGHES
Joint Administrative Receivers
(Office holder nos 058 and 141)

Cork Gully
Churchill House
Churchill Way
Cardiff
CF1 4XQ

AIR PRODUCTS AND CHEMICALS, INC.

£50,000,000

9½% Notes due 1997

Copies of the Air Products and Chemicals, Inc. Annual Report and Consolidated Financial Statements for the year ended 30 September, 1990 are available from the ground floor reception desk of Baring Brothers & Co., Limited at the following address:

Baring Brothers & Co., Limited
8 Bishopsgate, London EC2N 4AE

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,436 Set by DANTE

ACROSS

1 Forms a queue at the back (6)
4 Slow movement gets a soldier in trouble (6)
8 Excuse for a foreword maybe (7)
9 Various chaps in vegetable production (7)
11 Draw stumps in an evenly contested game (5,5)
12 Discarded garden tools may be kept here (4)
13 Old prison ships (5)
14 Wild parties a host has to put up with (8)
16 Here cars are involved in scientific inquiry (8)
18 Lady I take out? (5)
20 Seen in church when spring returns before Easter starts (4)
21 Enthusiasm experienced by a novice poker player? (5,5)
23 The estate needs me to reorganise it (7)
24 Institution providing outlet after study (7)
25 Decide to stay (6)
26 A way man gets lost (6)

DOWN

1 Each one left spells danger (5)
2 Its rate has to be adjusted for an entertainer (7)
3 It shows the distance gone in extra time perhaps (9)
5 Such charges may be dropped (5)
6 See sign is incorrect, for a start (7)
7 Short race organised for a play group (9)
10 Come to a sudden conclusion (4,5)
13 Money saving offer at the dry-cleaners, a feature of democracy (4,5)
15 They make up the family accounts (9)
17 One constituent of fire may be oxygen, for example (7)
19 Free to make a speech (7)
21 The latest thing in ties? (5)
22 Bright and cheery (5)

Solution to Puzzle No.7,435

UNDERTHEWHIP / TIGRESS / UNDERGO / IRONY / ASCENDED / GOODFATHERS / ADEN / UTAH / INVALIDATE / REHASHED / TWEED / EYEBALL / ELATION / ENTERTAINERS

WORLD STOCK MARKETS

AUSTRIA

January 7	Sch	+ or –
Austrian Airlines	2,500	–110
Creditanstalt	2,920	–130
Erste Allgemeine	19,000	....
Jungbunzlauer	7,600	–150
Landerbank	1,382	+12
OeMV	8,160	–390
Perlmooser	1,340	+10
Radex	644	–30
Reininghaus	1,620	–20
Steyr-Daimler	169	....
Veitscher Mag	589	–27
Verbund (Br) A	476	–6
Wienerberger	4,650	–100

BELGIUM/LUXEMBOURG

January 7	Frs.	+ or –
ACEC-Union Min	2,380	–25
Arbed	2,780	–175
B.B.L.	2,380	+10
Bank Intl. a Lux	13,000	....
Banque Gen. Du Lux	12,750	....
Barco	1,098	–10
Bekaert	7,350	....
Ciment CBR	5,500	–220
Cobepa	4,840	+30
Do. AFV 1	4,790	–20
[illegible]	[illegible]	[illegible]

FRANCE (continued)

January 7	Frs.	+ or –
Beghin-Say	570	–8
Do. Certs	569	
Bongrain	2,350	+75
Bouygues	426.6	–13.4
CGIP	790	–10
CMB Packaging	99.6	–1.4
Canal+	844	–6
Carrefour	3,287	–44
Casino	128.3	–1.3
Cetelem	462.1	–5.9
Chargeurs	680	+5
Ciments Fr.	909	–7
Club Mediterranee	446	–2.1
Cegifi	356.1	–8.9
Coparex	560	....
CGF	148	–2.1
Cred Foncier Fr	820	–10
Cred Lyonn (CI)	546	+10
Credit National	980	–14
Damart	1,750	–35
Docks de France	3,800	–30
Dollfus-Mieg	294	....
Eaux (Cie Gen)	2,170	–12
Ecco	283	+8.5
Elf-Aquitaine	265.9	–13.4
Do. Certs	202.5	–4
Epeda-Bertrand	894	–1
Essilor	299	+0.9
Etex	1,400	–21
[illegible]	[illegible]	[illegible]

[illegible: remaining stock price listings — Belgium/Luxembourg (continued), Denmark, Finland, France, Japan, France (continued), Germany, Germany (continued), Italy, Italy (continued), Netherlands, Norway, Spain, Sweden, Switzerland, South Africa, Australia, Hong Kong, Malaysia, Singapore; Canada — Toronto closing prices January 7]

Sales	Stock	High	Low	Close	Chng
1350	WIC B f	$12¾	12⅝	12⅝	+ ⅛
4659	Wcoast E	$21⅛	21¼	21¼	– ⅛
2050	Westmin	200	200	200	– 7
1300	Weston	$41⅛	41⅛	41⅛	– ⅛
1500	Woodwd A	135	135	135	

f – No voting rights or restricted voting rights.

MONTREAL
Closing prices January 7

Sales	Stock	High	Low	Close	Chng
700	BombrdrA	$15½	15½	15½	
37050	BombrdrB	$14⅛	13⅞	14⅛	– ⅛
29200	Cambior	$11½	11¼	11½	+ ½
6000	Cascades	405	405	405	–05
23142	DomTxtA	$05¾	05⅝	05⅝	– ¼
1500	Memotec	$07⅞	07⅞	07⅞	– ⅛
36373	NatBk Cda	$07⅞	07¾	07¾	– ⅛
19785	Power Corp	$16¼	16	16	– ⅛
29248	Provigo	$10½	10¼	10¼	– ¼
300	Quebecr A	$15½	15½	15½	
4950	Quebecr B	$13⅝	13⅝	13⅝	
700	Videotron	$11½	11½	11½	

Total Sales 3,484,074 shares.

INDICES

NEW YORK

DOW JONES	Jan. 7	Jan. 4	Jan. 3	Jan. 2	1990-91 HIGH	1990-91 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2522.77	2566.09	2573.51	2610.64	2999.75 (16/7/90)	2365.10 (11/10/90)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	91.71	91.94	92.01	91.63	93.04 (3/1/90)	88.44 (24/9/90)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	894.30	909.11	909.48	909.30	1212.77 (6/6/90)	821.93 (17/10/90)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	205.67	207.94	207.81	208.50	236.23 (2/1/90)	190.96 (24/8/90)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2563.37 (2601.98) Low 2514.11 (2540.84)

STANDARD AND POOR'S

	Jan. 7	Jan. 4	Jan. 3	Jan. 2	1990-91 HIGH	1990-91 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	315.44	321.00	321.91	326.45	368.95 (16/7/90)	295.46 (11/10/90)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	369.64	375.97	377.18	383.02	437.37 (16/7/90)	346.86 (11/10/90)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	22.34	22.88	22.84	23.09	31.87 (3/1/90)	18.80 (29/10/90)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	173.07	175.95	176.41	178.62	201.13 (16/7/90)	162.20 (11/10/90)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	300.18	303.05	304.78	306.57	382.45 (5/1/90)	288.07 (30/10/90)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	360.24	367.24	367.51	372.19	469.60 (16/7/90)	325.44 (16/10/90)	485.73 (9/10/89)	54.87 (31/10/72)

	Jan. 4	Dec 28	Dec.21	year ago (approx.)
Dow Industrial Div. Yield	4.02	3.92	3.92	3.84

	Jan. 2	Dec 26	Dec.19	year ago (approx.)
S & P Industrial div. yield	3.35	3.31	3.32	2.86
S & P Indl. P/E ratio	15.76	15.92	15.88	15.19

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Student Ln	1,972,600	45¼	– 2⅞
Varity Corp	1,781,700	1¼	– ⅛
Phillip Morris	1,705,600	48⅝	– ¾
Am T & T	1,441,700	29⅞	– ¼
Gen Electric	1,425,500	53¾	– ⅞
East. Kodak	1,316,900	39½	– 1⅛
Wal-Mart Stores	1,287,000	29	– ⅝
Archer Dan	1,282,900	20¼	– ⅝
Gen Motors	1,261,200	31⅞	– 1⅛
Pepsico	1,231,800	24¼	– ⅝

TRADING ACTIVITY

† Volume (Millions)	Jan. 7	Jan. 4	Jan. 3
New York	130.610	140.820	141.450
Amex	10.287	8.319	8.222
NASDAQ	(u)	103.833	108.392
Issues Traded	1,993	1,972	2,004
Rises	346	781	586
Falls	1,222	683	941
Unchanged	425	508	477
New Highs	10	7	11
New Lows	39	21	17

CANADA TORONTO

	Jan. 7	Jan. 4	Jan. 3	Jan. 2	1990-91 HIGH	1990-91 LOW
Metals & Minerals	2650.66	2677.34	2682.61	2742.67	3453.05 (4/1/90)	2486.60 (8/11/90)
Composite	3201.00	3216.59	3221.73	3239.36	4009.47 (3/1/90)	3009.91 (16/10/90)
MONTREAL Portfolio	1700.23	1707.69	1707.69	1718.28	2060.90 (3/1/90)	1607.24 (16/10/90)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan. 7	Jan. 4	Jan. 3	Jan. 2	1990-91 HIGH	1990-91 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1239.4	1241.6	1273.0	1285.8	1713.7 (12/1/90)	1239.4 (7/1/91)
All Mining (1/1/80)	569.6	569.7	584.3	590.4	868.8 (5/1/90)	569.6 (7/1/91)
AUSTRIA						
Credit Aktien (30/12/84)	419.13	430.48	426.40	424.61	703.29 (19/3/90)	400.98 (25/9/90)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	4823.05	4885.43	4920.48	4913.94	6599.43 (12/1/90)	4823.05 (7/1/91)
DENMARK						
Copenhagen SE (3/1/83)	303.22	305.70	306.65	305.06	388.29 (20/7/90)	303.22 (7/1/91)
FINLAND						
Unitas General (1975)	368.3	372.0	378.0	387.9	677.3 (23/1/90)	368.3 (7/1/91)
FRANCE						
CAC General (31/12/82)	412.70	413.63	406.84	408.99	564.62 (30/5/90)	406.84 (3/1/91)
CAC 40 (31/12/87)	1507.87	1547.66	1539.50	1505.10	2129.32 (20/4/90)	1485.39 (25/9/90)
GERMANY						
FAZ Aktien (31/12/58)	588.34	602.11	594.83	591.18	832.32 (19/7/90)	569.69 (28/9/90)
Commerzbank (1/12/53)	1661.7	1702.4	1680.0	1668.9	2414.0 (3/4/90)	1628.7 (28/9/90)
DAX (30/12/87)	1358.16	1396.07	1366.65	1366.10	1968.55 (30/3/90)	1334.89 (28/9/90)
HONG KONG						
Hang Seng Bank (31/7/64)	3026.52	3046.61	3004.88	3031.34	3559.89 (23/7/90)	2738.24 (1/2/90)
IRELAND						
ISEQ Overall (4/1/88)	1157.82	1164.71	1159.97	1181.66	1893.10 (22/1/90)	1157.82 (7/1/91)
ITALY						
Banca Com. Ital. (1972)	518.87	521.34	514.09	514.70	763.52 (14/6/90)	500.67 (29/11/90)
JAPAN						
Nikkei (16/5/49)	23736.57	24069.18	(c)	(c)	38712.88 (4/1/90)	20221.86 (1/10/90)
Tokyo SE (Topix) (4/1/68)	1723.92	1740.92	(c)	(c)	2867.70 (4/1/90)	1523.43 (1/10/90)
2nd Section (4/1/68)	2688.65	2703.02	(c)	(c)	4477.16 (16/7/90)	2688.65 (7/1/91)
MALAYSIA						
KLSE Composite (4/4/86)	495.63	497.67	497.99	501.23	632.22 (1/8/90)	459.08 (28/9/90)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	227.8	229.8	229.3	229.3	271.9 (20/7/90)	225.6 (8/11/90)
CBS All Shr (End 1983)	167.0	168.4	168.1	168.1	206.3 (3/1/90)	165.6 (8/11/90)
NORWAY						
Oslo SE (Ind) (2/1/83)	644.69	648.24	652.46	674.25	915.13 (2/8/90)	644.69 (7/1/91)
PHILIPPINES						
Manila Comp (2/1/85)	601.97	612.63	595.47	620.89	1168.70 (21/3/90)	514.80 (5/10/90)
SINGAPORE						
SES All-Singapore (2/4/75)	324.34	325.78	323.02	321.20	446.87 (16/7/90)	301.45 (11/10/90)
SOUTH AFRICA						
JSE Gold (28/9/78)	1313.0§	1252.0	1234.0	1265.0	2230.0 (16/1/90)	1111.0 (18/12/90)
JSE Industrial (28/9/78)	2964.0§	2976.0	2985.0	3087.0	3211.0 (6/2/90)	2640.0 (1/10/90)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	676.65	697.62	696.11	(c)	928.82 (4/1/90)	566.27 (17/9/90)
SPAIN						
Madrid SE (30/12/85)	221.00	221.40	221.46	220.39	309.74 (16/7/90)	289.37 (28/9/90)
SWEDEN						
Affarsvariden Gen. (1/2/37)	817.60	838.00	837.30	835.60	1329.9 (5/7/90)	815.6 (27/11/90)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	611.9	623.6	624.2	(c)	845.5 (13/7/90)	611.9 (7/1/91)
SBC General (1/4/87)	504.4	514.9	515.6	(c)	698.2 (13/7/90)	504.4 (7/1/91)
TAIWAN**						
Weighted Price (30/6/66)	4191.07	4367.99	4258.93	(c)	12495.34 (10/2/90)	2560.47 (1/10/90)
THAILAND						
Bangkok SET (30/4/75)	595.36	609.88	586.92	594.95	1143.78 (25/7/90)	544.30 (30/11/90)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	450.0*	458.8	460.4	461.5	571.0 (4/1/90)	423.1 (28/9/90)

**Saturday January 5: Taiwan Weighted Price: 4456.27. Korea Comp Ex. 698.45. *Calculated at 15.00 GMT.
§ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Monday 7 January 1991

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	6.0m	455	-4
C Itoh	4.0m	685	-12
Honshu Paper	3.2m	1,770	-80
S'tomo Elec	3.1m	1,420	-10
Tokyo Elec Pow	3.0m	3,790	-10
Furukawa Elec	2.7m	695	+15
M'bishi Heavy	2.4m	677	-8
Marubeni	2.4m	676	-15
Chiyoda Corp	2.2m	1,690	-70
NKK	2.2m	396	-8

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

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4pm prices January 7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
35⅞	9⅛	AAR	.48	4.6	8	675	10⅝	10¼	10½	- ⅛
9¼	7¾	ACM in1.03e		12.		170	8⅞	8¾	8⅞	
11⅞	8¾	ACMIn	1.26	12.		x1556	10¾	10½	10⅝	
8¼	6½	ACM M in1.01		13.		x578	7⅞	7¾	7⅞	
12⅛	10	ACMMM	1.50	12.		209	12⅛	11⅞	12⅛	+ ⅛
11½	8⅝	ACM Sc1.26		12.		1245	10⅜	10⅛	10¼	
8⅝	7¼	ACMSp	1.01	12.		713	8¼	8⅛	8⅛	
25¾	17	AL Lab	.16	.7	18	100	23	22½	22⅞	- ⅝
4⅛	1	AM Intl				370	1⅞	1⅝	1⅝	- ⅛
18⅞	4⅞	AM In pf	2	24.		114	8⅞	8	8⅞	+ ¼
70⅛	38¾	AMR			13	4660	45⅝	44¼	44⅞	-1⅜
26½	25	ANR pf 2.67		10.		1	u26⅞	26⅞	26⅞	+ ½
4	1⅜	ARX				69	1½	1⅜	1½	+ ⅛
72¾	38¼	ASA	3	6.3		1940	47⅝	45⅛	47⅝	+2⅝
3½	1⅞	ATTC wt				31	2⅛	2⅛	2⅛	- ⅛
46⅝	31¼	AbtLab	s.84	2.1	19	7091	40½	39¾	40⅛	- ⅝
14	10¼	Abitibi	g .50			100	10⅜	d10⅛	10⅛	- ⅜
11⅝	4½	AcmeC	.40	7.8	12	30	5⅛	5	5⅛	
8⅛	5	AcmeE	.32	6.4	9	35	5⅛	5	5	- ⅛
32⅝	16⅞	Acuson s			19	3152	24⅛	22⅞	24⅛	+ ½
16⅞	14⅛	AdaEx 1.72e		12.		1476	14⅞	14¾	14⅞	
14½	8⅝	Adobe				18	9	8⅞	8⅞	+ ⅛
21⅝	18¼	Adob pf 2.40		12.		41	19⅝	19⅜	19⅝	+ ⅛
11⅞	3⅝	AMD				2124	5⅛	4⅞	5	- ⅛
32⅞	13	AMD pf	3	16.		238	19⅜	19⅛	19¼	- ½
7½	1⅝	Advest	.16	5.8		37	2⅜	2⅝	2⅜	
56⅝	29	AetnLf	2.76	8.0	8	2663	35⅞	34⅝	34⅝	-2⅛
11¼	6¼	AffilPb	.24	3.1		635	8	7⅝	7⅝	- ⅜
22½	10⅝	Ahmans	.88	6.8	5	3906	13	12¾	13	- ⅛
3⅝	1⅞	Aileen			8	55	3⅛	3	3⅛	+ ⅛
61	42⅞	AirPrd	1.44	2.7	13	614	52⅞	52½	52⅛	- ⅜
27	13½	AirFrt s	.30	1.7	9	761	17⅝	17⅜	17⅜	- ⅛
20	11¼	Airgas			16	63	13⅛	13	13	
20⅛	11	Airlease 2.52		22.	6	60	11½	11¼	11⅞	
23⅝	21	AlaP pf2.13e		8.9		35	21½	21⅜	21½	

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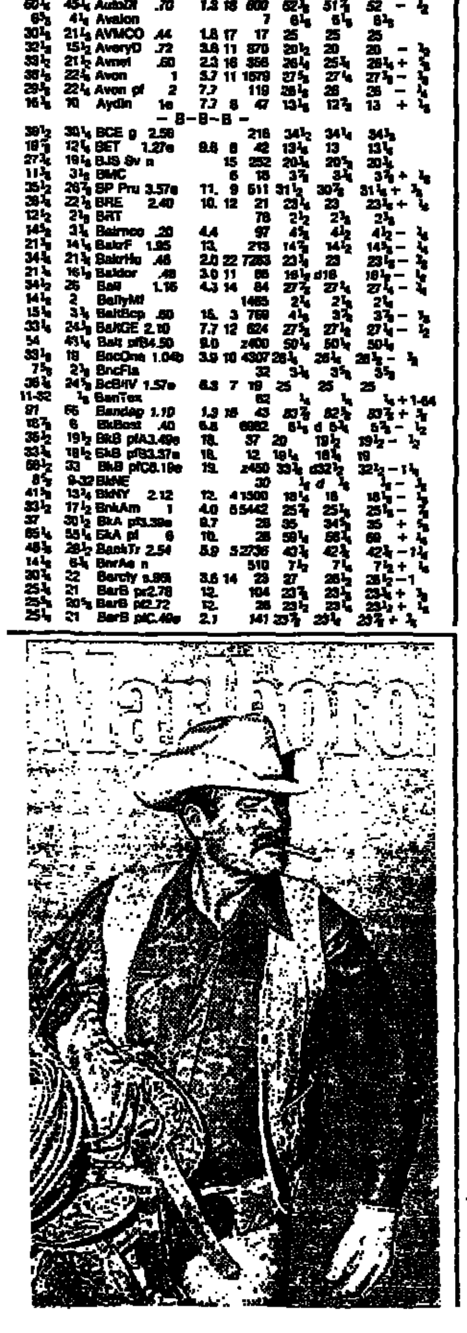

Continued on Page 37

NYSE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from previous Page										
7/8	1-16	ProRIC			1	41	7-32	3-16	3-16	-1-32
8⅛	3½	ProRl	.64e	18.		106	3½	3¼	3½	+⅛
26⅜	20	PSvCol	2	8.9	9	x3743	22½	22¼	22⅜	-⅛
77	71	PSCol pf7.15		9.3		z100	76½	76½	76½	
24⅜	21⅛	PSCol pf2.10		8.6		8	24⅜	24⅜	24⅜	
4	1⅛	vjPSNH				322	2⅜	2½	2⅛	+⅛
25⅛	17¾	vjPSNH pf				21700	23	22½	22½	-1
23¼	17⅜	vjPNH pfE				2036	23⅛	22¾	22⅞	-⅛
23⅜	18	vjPNH pfF				2	23	22¾	23	+¼
23¾	19	vjPNH pfG				116	23⅛	23	23⅛	+⅛
15½	8	PSvNM			14	673	8⅜	8¼	8¼	-⅛
28⅜	22½	PSEG	2.12	8.1	11	2670	26½	25¾	25¾	-⅜
49	45¼	PSEG pf4.30		9.1		z380	47¼	47¼	47¼	+⅜
90½	85	PSEG pf8.16		9.3		z170	88	88	88	-2½
87½	80¼	PSEG pf7.70		8.9		z50	86½	86½	86½	+1
90	81	PSEG pf7.80		8.9		z90	87¼	87¼	87¼	+1⅛
87	82⅛	PSEG pf8.08		9.2		z100	u89	89	89	+1
2½	1	Publick				220	1⅛	1	1⅛	
51	30⅛	PR Cem	.90	2.2	6	x18	41¼	41¼	41¼	+⅜
22⅛	18⅜	PugetP	1.76	8.7	11	700	20⅜	20⅛	20⅛	-⅛
11¼	8½	PDPI	1.23a	12.		708	10	9⅞	9⅞	-⅛
12⅜	8¼	PDIF	1.31	13.		163	9⅞	9¼	9⅞	
7⅛	4⅞	PHSCB	.85a	16.		280	5⅜	5¼	5¼	
9⅞	8⅛	PHYM	.81	9.7		208	8⅜	8⅞	8⅞	+⅛
9½	7⅞	PIGIT	.96	11.		1401	9⅛	8⅞	9	-⅛
11⅞	10¼	PIGM	.83	7.5		488	11¼	11	11¼	
9⅞	8½	PMM	.76	8.2		305	9¼	9⅛	9¼	+⅛

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NASDAQ NATIONAL MARKET

3pm prices January 7

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						

AMEX COMPOSITE PRICES

4pm prices January 7

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FINANCIAL TIMES
Tuesday January 8 1991

AMERICA

Banking shares resilient to New England collapse

Wall Street

FEAR THAT war in the Gulf is unavoidable, in spite of the planned meeting between Mr James Baker and Mr Tariq Aziz in Geneva this week, took its toll of US equity prices, which moved sharply lower yesterday in light trading, *writes Karen Zagor in New York.*

The Dow Jones Industrial Average blue chip indicator closed down 43.32 at 2,522.77, following the 63-point drop seen last week. On the big board, declining issues outpaced rises by 1,218 to 348 after New York SE volume of 130.6m shares. The Standard & Poor's 500 weakened 5.56 to 315.44, while the American Stock Exchange composite was off 2.87 at 300.18.

The renewal of hostile stances by Iraq and the US proved good for the oil market, where February's crude oil contract climbed $2.75 to $27.65 a barrel on the New York Mercantile Exchange. The news, however, shook the bond market, where the treasury's benchmark 30-year bond dropped 1⅛ to 104⅞, yielding 8.32 per cent.

In the stock market, traders said the rise in crude oil prices and weak bonds spurred index-arbitrage programme selling. Student Loan Marketing Association (Sallie Mae) fell $2⅛ to $45⅝ in very heavy trading on reports that the Bush administration is considering changing the student loan programme to by-pass the banking industry. The changes would sharply reduce the role played by Sallie Mae.

Eagle-Picher Industries plummeted $1½ to $1¼ after the company and some of its affiliates filed for reorganisation under Chapter 11 of the US bankruptcy code.

UAL, parent of United Airlines, dropped $2 to $109⅞ on reports that the airline plans to inject fresh cash into Pan Am if the Transportation Department clears United's purchase of Pan Am's London routes. A decision is expected before long. Pan Am held at $1⅛.

Bank issues showed resilience yesterday, moving only moderately lower in the face of news that federal regulators had taken over operations at Bank of New England, which yesterday filed for liquidation under Chapter 7 of the federal bankruptcy code.

Among other banks, Citicorp slipped $⅜ to $13, Chase Manhattan was off $¼ at $10⅝, Manufacturers Hanover moved $1⅛ lower to $20⅞ and Chemical Bank lost $⅛ to $8⅝. Among New England banks, Shawmut National shed $⅜ to $4⅝ and Fleet/Norstar eased $⅛ to $10⅞. In over-the-counter trading, BayBanks, which has its headquarters in Boston, lost $⅛ to $12¼ and State Street Boston declined $1¼ to $32⅞.

Philip Morris was one of the most active issues of the day, losing $⅞ to $48⅝. Trading was also heavy in AT&T, which eased $⅛ to $29⅞, and in Toys R Us, off $⅞ at $23⅝.

Once again, the secondary market followed listed issues lower yesterday, with the Nasdaq composite receding 7.00 to 360.24. Apple Comuter closed unchanged at $43¼. The company introduced a new family of high-speed products yesterday.

Among other active stocks, Sun Microsystems gained $⅝ to $22⅛, Intel slipped $⅜ to $38⅝ and MCI Communications lost $⅛ to $19⅝. Lotus dropped $2 to $16¼ after the issue was downgraded by an analyst at Shearson Lehman Brothers.

Canada

INCREASING worries over the Gulf situation caused most sectors in the Toronto market to lose ground, but sharply boosted the golds group and left the oils index with a modest improvement.

The composite index lost 15.6 to 3,201.0 and declines led advances by 330 to 242 after a volume of 20.4m shares, against last Friday's 16.3m.

The gold shares index advanced 2.96 per cent as the bullion price jumped $8.75 an ounce to $394 in New York.

EUROPE

Leading bourses approach post-Kuwait invasion lows

SENIOR BOURSES moved back down towards their post-Kuwait lows yesterday, early closing markets waiting for Wall Street to open lower – and late closers reflecting the Dow's early weakness, *writes Our Markets Staff.*

The FT-SE Eurotrack 100 index opened 14.77 lower at 932.47, extending its fall to 21.78 by the official close and 21.37, or 2.3 per cent, to 925.87 in the post-bourse.

Market strategists foresee a sharp rally in equities once the Gulf crisis has been resolved; but the short-term mood is one of severe caution. Mr Roger Palmer of Kleinwort Benson, for example, says that upside potential is distinctly limited, and that the downside risks have become significantly greater in recent days.

Kleinwort questions the belief that fund managers, with above-average levels of liquidity, are impatient to go back into equities. Mr Palmer points out that funds with high liquidity are outperforming in the league tables as equity markets decline; he recommends higher liquidity levels for the time being.

FRANKFURT dropped 2.7 per cent, the DAX index closing 37.91 lower at 1,358.16 after a 13.77 drop to 588.34 in the FAZ at midsession. Volume fell back again, from DM3.3bn in Friday's technical correction to DM2.7bn.

Bellicose comments by Iraqi President Saddam Hussein were blamed for the latest drop, which extended into the bond market where the Bundesbank's average bond yield rose 5 basis points to 9.12 per cent.

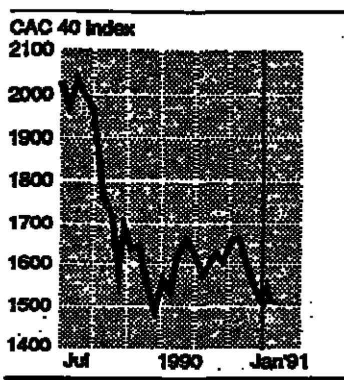
Mr Adrian Phillips, head of European research at Kleinwort, noted that the market had chosen to ignore a strong recovery in the dollar, the weakness of which had been a threat to German corporate earnings.

One of the few shares to gain was Rheinmetall, the Berlin-based engineer with defence technology interests, which rose DM7 to DM284. Mr Phillips noted that last week's defence story was IWKA, which fell DM7.50 yesterday to DM278.

PARIS retreated following last week's modest gains. The CAC 40 index closed 39.79 or 2.6 per cent down at 1,507.87, after recovering from a day's low of 1,501.26. The index is now only 1.5 per cent above its 1990 low.

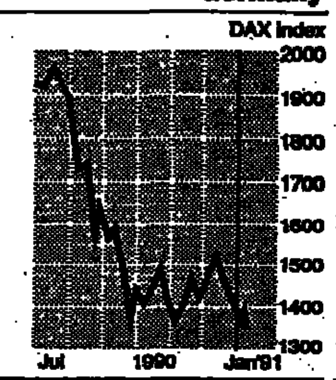
France

CAC 40 Index



Germany

DAX Index



One of the day's principal features was selling by UK investors of Elf Aquitaine, which lost FFr13.40 or 4.8 per cent to FFr265.90 in the most active trading of the day. The feeling was that Elf's chemicals business would weigh on profits, regardless of the direction of the oil price, said one analyst. Of the total bourse turnover of FFr893m by the official close, Elf accounted for FFr88.6m.

Peugeot was another heavy faller, losing FFr20.90 or 4.1 per cent to FFr496.10 with 98,550 shares exchanged. Mr Jacques Calvet, its chairman, said that the carmaker's cash position had deteriorated last year, with net debt rising to between FFr6bn and FFr8bn from FFr2.5bn in 1989. He reiterated his forecast of a slight fall in 1990 net profits.

Among other losers, Suez dropped FFr12.90 or 4.6 per cent to FFr265.10 and Alcatel-Alsthom shed FFr14 to FFr535.

AMSTERDAM ended near the day's lows in trading dominated by professionals and options-related activity. The CBS Tendency index fell 1.7 to 78.3 in volume of about Fl 350m after Fl 430m on Friday.

KLM, which said that its provisional load factor fell to 69.7 per cent in December 1990 from 71.1 per cent in November, lost 50 cents to Fl 20.50. There was also talk that KLM had ended its co-operation with Frans Maas, reviving speculation that it would sell its 35 per cent stake in the transport company. Frans Maas was steady at Fl 75.50.

DAF, the truck manufacturer, fell Fl 1.30 or 6.9 per cent to Fl 17.50 following the news late on Friday that its 1990 losses before charges would be Fl 150m. Some analysts expected the company to lose a further Fl 120m before charges in the first half of 1991.

Options in Philips were traded heavily. One traded 14,000 lots, both buying and selling calls and puts for dates between 1993 and 1995. The stock closed 10 cents easier at Fl 20.50.

ZURICH fell in very thin trade, the Crédit Suisse index closing 13.5 or 2.9 per cent lower at 446.6. Even after the Gulf crisis is over, said brokers, firm domestic interest rates were likely to keep most investors out of equities, in favour of short-term money market instruments.

MILAN eased in thin, technical trading. The Comit index fell 2.47 to 518.87. Generali continued to rise, adding L120 to L39,490, although dealers could not identify any specific reasons. The stock then lost L240 after hours.

MADRID declined, but more modestly than many bourses, with the general index falling 0.49 to 221.00 in light trading. BRUSSELS fell in thin dealings, the cash market index easing 62.38 to 4,823.05.

OSLO slipped in thin volume of NKr170m. The all-share index fell 3.46 to 431.90, its lowest level for more than a year. STOCKHOLM fell for the fourth day in a row. The Affärsvärlden General index shed 20.40 to 817.60.

ISTANBUL plunged 6.4 per cent in moderate trading on renewed Gulf worries. The bourse, which had been in optimistic mood on Friday when it jumped 8.9 per cent, saw the 75-share index drop 225.6 to 3,292.30 in turnover of TL63bn, down from TL88bn.

ASIA PACIFIC

Worries over Gulf crisis depress Nikkei in slack trade

Tokyo

CONCERN OVER the Gulf crisis pushed Tokyo lower in very quiet trading yesterday. Volume shrank to 170m shares, the lowest since October 27, 1986, *writes Emiko Terazono in Tokyo.*

Reports of Iraqi President Saddam Hussein's hostile speech on Sunday depressed stock prices, and the Nikkei average closed down 332.61 at 23,736.57, slightly above the day's low of 23,735.59. The average had opened at the session's high of 24,036.99.

Losses outnumbered gains by 654 to 238, with 162 issues unchanged. The Topix index of all first section stocks fell 17 points to 1,723.92 and, in London trading, the ISE/Nikkei 50 index slipped 9.08 to 1,321.50.

Traders in Tokyo said the downturn in the market could have been worse, if some investors had not still been expecting a peaceful solution to the situation in the Gulf. Mr Kamran Khokhar at Jardine Fleming Securities said war was not yet on the domestic investors' minds but, if the mood were to change, equities could face heavy selling.

Large-capital issues and utilities lost ground, with Nippon Steel shedding Y4 to Y455 and Tokyo Electric Power Y10 to Y3,790.

Chiyoda, a plant engineer with an oil refinery in Iraq, was down Y70 at Y1,660. Other oil-related shares also declined.

Game makers continued to fall, as the sector was considered to be over-priced. Sega Enterprises lost Y1,200 to Y10,200 and Nintendo Y1,200 to Y17,100 in Osaka. Concern over heavy margin positions in Nintendo, following the heavy buying in August, also depressed the issue.

Gunze, a leading underwear maker, dipped Y4 to an all-time low of Y711. While the company expects good profits from its brisk sales, concern over fund-raising for its capital investment programme depressed the issue.

The automobile sector was one of the few bright areas, Toyota gaining Y10 to Y1,760 and Honda Y10 to Y1,260. US car sales for 1990, announced on Friday, indicated that total market share for Japanese cars had reached 31.8 per cent. Toyota's sales rose by 21 per cent and Honda's 9.2 per cent.

Some export-oriented precision equipment issues rose on the stronger dollar. Konica put on Y10 to Y840 and Canon added Y20 at Y1,290.

Smaller stocks weakened, and the indices for the second and over-the-counter sections fell to their lowest levels since the start of last year. Individual investors, who were active buyers of small issues last July, have been selling their holdings. The low liquidity of small issues has exaggerated their price fluctuations.

In Osaka, the OSE average receded 181.99 to 24,730.01 on thin volume of 10.9m shares. Interest faded in issues that securities houses have been promoting as "environment caring". Chugai Ro, a leading industrial furnace maker popular last year owing to its device that produces bricks from ashes of burnt sewage sludge, retreated Y20 to Y1,040.

Roundup

ATTENTION IN Pacific Rim markets remained firmly focused on the Middle East yesterday, with most declining in thin and nervous trading.

TAIWAN fell 6 per cent on profit-taking after the market's rise on Saturday. The weighted index lost 265.20 to 4,191.07 in trading worth T$39.1bn, after Saturday's T$43.4bn.

SEOUL's depression about the Gulf triggered profit-taking, and the composite index shed 21.80, or 3.1 per cent, to 676.65. Turnover totalled Won150bn, compared with Won126.8bn in Saturday's half-day trading.

Sentiment was further harmed by the suspension of Keunha Textile and Kunja Industries, the sweater-maker. Keunha had fallen Won400 to Won9,000 and Kunja had lost Won600 to Won11,100 in unusually active trading over the last couple of sessions.

BANGKOK declined across the board in light volume. The SET index dropped 14.52, or 2.4 per cent, to 595.36. MANILA's composite index lost 10.66 to 601.97, reflecting Gulf fears and rising domestic interest rates. Turnover shrank to 49.9m pesos from 81.4m pesos.

AUSTRALIA started higher in a technical reaction to the market's fall on Friday to the lowest level in almost three years, but the All Ordinaries index ended a net 2.1 lower at 1,239.5. Overall turnover came to A$135m, after Friday's A$122m. Lend Lease, one of last year's best performers, weakened 55 cents to A$13.70.

HONG KONG lost ground in thin trading, the Hang Seng index slipping 21.20 to 3,025.41 in turnover of HK$399m, similar to Friday's HK$397m. SINGAPORE was easier, with the Straits Times Industrial index down 5.87 at 1,174.70. Turnover fell to S$52m from S$65.7m.

BOMBAY remained cautious on the Gulf situation, but a technical recovery left the BSE index 28.42 better at 1,010.77 after last week's 66-point drop.

SOUTH AFRICA

GOLD shares were boosted by a rise in the bullion price to about $391. The all-gold index rose 61 to 1,318 while the overall index added 13 to 2,722. De Beers eased 40 cents to R83.85 before the results from its Central Selling Organisation.

New year opens on a cautious note

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1991	Start of 1991	Start of 1991
Austria	−2.08	−7.65	−18.52	−2.09	−2.77	−2.60
Belgium	−0.74	−4.91	−27.77	−0.74	−1.08	−0.90
Denmark	−2.71	−6.02	−18.15	−2.71	−3.10	−2.92
Finland	−3.31	−5.62	−32.25	−3.31	−3.40	−3.22
France	+1.03	−7.64	−25.39	+1.03	+0.40	+0.58
Germany	−0.13	−7.52	−22.24	−0.13	−1.02	−0.85
Ireland	−3.48	−4.91	−34.75	−3.14	−3.29	−3.11
Italy	+0.63	−4.76	−29.53	+1.32	+0.75	+0.93
Netherlands	+0.10	−0.37	−18.29	+0.10	−0.81	−0.62
Norway	−3.15	−7.59	−16.91	−3.15	−3.49	−3.31
Spain	−0.35	−7.03	−26.11	−0.35	−0.43	−0.25
Sweden	−2.70	−9.63	−28.75	−2.70	−3.10	−2.92
Switzerland	−0.92	−5.20	−24.82	−0.92	−1.14	−0.96
UK	−1.54	−2.66	−14.86	−0.90	−0.90	−0.71
EUROPE	−0.73	−4.66	−20.40	−0.40	−0.75	−0.58
Australia	−3.63	−7.48	−25.82	−3.63	−2.83	−2.65
Hong Kong	−0.26	−4.61	+ 3.36	+0.69	+0.57	+0.75
Japan	+0.59	+0.75	−39.77	+0.59	+0.81	+0.99
Malaysia	−1.33	+3.83	−12.37	−2.55	−2.94	−2.77
New Zealand	+0.10	−5.06	−41.37	+0.10	+0.48	+0.62
Singapore	+0.82	−1.11	−21.36	+0.82	+0.38	+0.57
Canada	−0.77	−0.64	−16.31	−1.37	−0.83	−0.65
USA	−2.27	−1.98	− 9.91	−2.68	−2.86	−2.68
Mexico	−0.76	−5.22	+92.90	−0.83	−1.07	−0.89
South Africa	−0.36	−0.12	−12.06	−0.36	−0.19	−0.02
WORLD INDEX	−0.86	−1.85	−24.69	−0.93	−0.98	−0.81

† Based on January 4th 1991. Copyright, The Financial Times Limited, Goldman, Sachs & Co.,and County NatWest Securities Ltd

By Antonia Sharpe

WORLD stock markets started the year on a cautious note as the January 15 United Nations' deadline for Iraq to quit Kuwait approached. The new year festivities kept volume low, and this accentuated the falls in many markets. The FT-Actuaries World Index in local currency terms ended the first trading week of 1991 with a fall of 0.9 per cent, dragged lower by the United States. Excluding the US, the index was only 0.1 per cent easier.

Wall Street, open every day last week except for New Year's Day, lost 2.3 per cent on growing fears that the US economy is heading for a long recession. Poor data on auto and retail sales depressed equities, while a smaller than expected fall in non-farm payrolls dashed hopes of an early easing in monetary policy.

Australia was the week's worst performer, in spite of a firm golds sector, losing 3.6 per cent as the market fell to its lowest level since February 1988. Analysts expect the market to have a tough first quarter, as the interim reporting period is expected to produce poor first-half figures, bleak statements from company chairmen and perhaps another round of dividend cuts.

In Europe, Ireland led the declines with a drop of 3.5 per cent on the week. Davy's, the Dublin-based brokers, says that poor economic prospects in the US and the UK, Ireland's main trading partners, as well as a slowdown in the domestic economy, will hold back the stock market. Official data showing a slowdown in indirect taxation – indicating less than buoyant retail sales – and a growing trend among institutions to switch out of overseas equities into Irish gilts also depressed share prices.

Scandinavia retreated in thin trading, partly in reaction to the end-December window-dressing activities. A rise in Swedish inflation to 13 per cent over the next two months from 11 per cent for November, as VAT is implemented on all services from taxi cabs to construction work, makes a recovery rather remote.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JANUARY 7 1991								FRIDAY JANUARY 4 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	114.06	−0.7	88.73	98.53	90.88	97.94	−0.2	7.81	114.92	88.12	98.14	89.98	98.10	158.31	114.06	155.52
Austria (19)	184.48	−3.7	143.50	159.35	146.98	147.07	−1.8	1.86	191.53	146.87	163.57	149.97	149.78	285.63	178.57	210.84
Belgium (60)	126.93	−3.1	98.73	109.63	101.13	98.76	−1.4	5.91	131.08	100.47	111.89	102.59	100.17	160.02	126.67	159.17
Canada (116)	128.46	−0.6	99.94	110.97	102.36	107.28	−0.5	3.74	129.19	99.06	110.32	101.15	107.77	153.61	121.24	152.46
Denmark (32)	219.55	−2.8	170.78	189.65	174.92	176.03	−1.0	1.70	225.83	173.17	192.86	176.82	177.84	277.62	219.55	246.77
Finland (22)	94.87	−5.0	73.79	81.95	75.58	73.38	−3.3	4.13	99.82	76.54	85.25	78.15	75.86	152.29	94.87	137.30
France (113)	127.96	−3.4	99.54	110.53	101.95	104.43	−1.7	3.93	132.51	101.61	113.16	103.75	106.22	168.85	124.98	156.40
Germany (88)	106.46	−4.0	82.81	91.97	84.82	84.82	−2.4	2.68	110.95	85.08	94.76	86.87	86.87	144.63	101.38	129.58
Hong Kong (48)	122.03	−0.6	94.92	105.40	97.23	122.16	−0.5	5.48	122.72	94.10	104.80	96.09	122.81	147.49	112.24	118.51
Ireland (16)	140.56	−2.3	109.34	121.42	111.99	113.44	−0.5	4.56	143.85	110.30	122.85	112.63	114.00	198.57	139.04	196.69
Italy (93)	77.78	−1.8	60.50	67.18	61.97	66.92	+0.1	3.85	79.04	60.61	67.50	61.88	66.84	109.26	75.73	101.88
Japan (453)	123.57	−1.9	96.12	106.74	98.46	106.74	−0.8	0.80	126.01	96.62	107.61	98.67	107.61	197.26	106.58	193.71
Malaysia (34)	204.10	−1.1	158.76	176.29	162.61	213.81	−0.6	3.15	206.27	158.17	176.15	161.50	215.06	250.89	182.96	234.29
Mexico (12)	581.69	+0.4	452.47	502.46	463.46	1879.36	+0.4	0.37	579.22	444.15	494.65	453.51	1871.38	613.96	324.53	334.64
Netherland (41)	129.85	−2.5	101.00	112.16	103.46	102.44	−0.8	5.24	133.14	102.09	113.70	104.25	103.22	149.03	127.56	144.06
New Zealand (15)	43.62	−0.1	33.93	37.68	34.75	39.19	−0.1	8.64	43.68	33.50	37.31	34.20	39.25	75.36	42.62	74.44
Norway (30)	192.17	−2.7	149.48	166.00	153.11	156.17	−1.1	1.95	197.50	151.44	168.67	154.64	157.89	276.79	192.17	214.74
Singapore (25)	158.51	−1.0	123.30	136.92	126.29	128.34	−0.2	3.27	160.17	122.82	136.79	125.41	128.65	209.24	147.24	187.46
South Africa (60)	182.69	−0.1	142.11	157.80	145.55	136.99	+0.9	3.97	182.86	140.22	156.16	143.17	135.72	251.39	151.50	207.47
Spain (41)	138.68	−0.9	107.87	119.79	110.49	100.28	−0.9	5.58	139.97	107.33	119.54	109.59	101.21	182.25	128.54	163.85
Sweden (27)	149.01	−3.7	115.91	128.72	118.73	125.91	−2.5	3.24	154.79	118.69	132.19	121.20	129.18	234.93	149.01	204.29
Switzerland (65)	85.03	−3.5	66.14	73.45	67.75	68.08	−2.2	3.08	88.06	67.54	75.22	68.97	69.65	109.77	85.00	96.90
United Kingdom (297)	161.21	−2.0	125.40	139.23	128.43	125.39	−0.8	5.58	164.50	126.13	140.46	128.78	126.13	176.18	139.87	163.94
USA (527)	127.54	−1.7	99.21	110.17	101.62	127.54	−1.7	3.91	129.74	99.48	110.80	101.58	129.74	148.95	119.06	143.17
Europe (944)	130.24	−2.6	101.30	112.50	103.77	102.76	−1.1	4.54	133.75	102.56	114.22	104.73	103.95	157.65	124.91	146.59
Nordic (111)	157.43	−3.2	122.46	135.98	125.43	124.41	−1.7	2.44	162.69	124.75	138.94	127.38	126.59	223.29	157.43	195.84
Pacific Basin (650)	122.85	−1.8	95.56	106.12	97.88	106.62	−0.8	1.21	125.17	95.98	106.89	98.00	107.45	192.75	107.82	189.41
Euro−Pacific (1594)	126.19	−2.2	98.16	108.99	100.54	105.74	−0.9	2.62	129.00	98.92	110.16	101.00	106.73	174.18	116.03	172.48
North America (643)	127.50	−1.6	99.18	110.15	101.61	126.22	−1.6	3.90	129.61	99.38	110.70	101.50	128.30	148.43	119.26	143.63
Europe Ex. UK (847)	111.39	−3.1	86.64	96.23	88.77	89.52	−1.6	3.75	114.95	88.15	98.19	90.02	90.94	145.62	109.94	134.66
Pacific Ex. Japan (197)	113.76	−0.7	88.49	98.28	90.65	101.61	−0.3	6.43	114.56	87.84	97.86	89.70	101.98	146.72	113.76	137.73
World Ex. US (1782)	127.06	−2.1	98.85	109.78	101.28	106.55	−0.9	2.67	129.80	99.53	110.85	101.63	107.51	173.77	117.12	172.22
World Ex. UK (2012)	122.83	−1.9	95.54	106.10	97.87	111.84	−1.2	2.78	125.27	96.05	106.98	98.09	113.25	162.00	115.37	160.48
World Ex. So. Af. (2249)	125.89	−2.0	97.93	108.75	100.31	113.01	−1.2	3.09	128.42	98.47	109.68	100.56	114.36	161.84	118.04	160.48
World Ex. Japan (1856)	128.87	−2.0	100.24	111.33	102.69	116.54	−1.3	4.24	131.45	100.79	112.27	102.94	118.12	151.58	124.31	145.37
The World Index (2309)	126.24	−2.0	98.19	109.04	100.58	113.18	−1.2	3.10	128.75	98.73	109.96	100.82	114.52	162.05	118.33	160.76

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Constituent changes: Name changes: Bell Resources to Australian Cons. Invs.(Australia) and Ebro to Ebro Agricolas (Spain).